

DEPARTMENT OF EDUCATION BUDGET PRIORITIES FOR FISCAL YEAR 2005

HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTH CONGRESS SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 11, 2004

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WEDNESDAY, FEBRUARY 11, 2004

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to call, at 11 a.m. in room 210, Cannon House Office Building, Hon. Doc Hastings [acting chairman of the committee] presiding.

Members present: Representatives Hastings, Schrock, Shays, Diaz-Balart, Franks, Garrett, Wicker, Spratt, Moran, Kind, Baird, Scott, Majette, DeLauro, Baldwin, Lewis, Edwards, Thompson, Capps, Hooley, and Moore.

Mr. HASTINGS. I am going to call the meeting to order. Good morning. Welcome to this hearing of the Budget Committee. We are pleased today to have the Secretary of Education, Roderick R. Paige, who will be on our first panel. And I might add that he is on a tight schedule, so we will try to work our way through this as quickly as possible. And I would also like to acknowledge that our second panel will have our colleague from northern California, George Miller, here along with Lisa Graham Keegan from the Education Leaders Council. So I want to welcome both of the panels.

Today's hearing will focus on the President's education request. We will discuss not only the levels of the request, but also what those funds are intended to accomplish at the classroom level. So let us begin this discussion with a brief review of how we reached today's level of Federal, and I want to emphasize that, education spending.

Today, the Department of Education budget is nearly two and a half times as large as it was in 1996, and if you would put up that slide, I would appreciate that, when we took over.

This is an annual growth rate of 12 percent sustained over 8 years, as you can see. No other cabinet level agency has grown as fast as education during that time period, as you can see.

Now, looking at the larger programs within education, let us go to that panel, you can see that the funding for low income, the Title I funds, have nearly doubled, and that is the biggest portion of the education budget. Education isn't confined to just K-12. Let us go to the Pell grant panel. As you can see there, since 1996, funding for Pell grants has more than doubled.

Now let us go to one other panel, the IDEA spending. No, it should be another one on IDEA. OK, well, at any rate, I will just simply say that since 1996 we have more than increased, and at least tried to authorize, the catch up that should have been done

years ago for IDEA, and we are starting that process. So I just want to mention that.

So there is evidence that these increases that I have talked about may be coming too fast even for the State budgets to absorb. In fact, the States collectively are sitting on a total of more than \$5 billion in unspent Federal education dollars, some of which were appropriated for their use more than three and a half years ago, before President Bush entered office.

Perhaps we should pause and consider what sort of bang that we are currently getting for our Federal dollars.

Is there a reason to believe that simply increasing Federal spending can increase student achievement? Is there a direct relationship between the number of dollars Washington spends on education for a child and the amount that the child earns and learns?

Let us go to that next chart that you put up there.

I wouldn't say that is the case if you believe the numbers. Since the mid-1980s, reading and math scores of American school children on national tests have remained essentially flat, even as Federal spending has grown significantly.

That is why this Congress, several years ago, instead of just throwing more money at the problem, we tried another tact, and that was to pass the No Child Left Behind Act of 2001. That law demands results from schools in exchange for Federal dollars. It tries to forge a real link between education spending and classroom achievement, and it focuses resources more sharply on underperforming schools.

Many, on both sides of the aisle, believe that the accountability standard in this law represents the greatest step forward in a generation in terms of Federal contribution to K-12 education. A larger stride even than the funding increases that we have seen in recent years.

Why is this?

No matter how much we raise education spending on the Federal level, the Federal level of support will always be a junior partner in this enterprise. Of the half trillion dollars that will be spent on K-12 education in the United States this year, less than 10 percent of that total will come from Federal spending; the remainder will overwhelmingly be funded by State and local tax revenue. And that is the way it should be. That is the way it has always been and that is the way that we intend that it should always be.

So the best chance for those of us in Washington, DC, to have an impact is to tell schools that if they leave children behind, they will be subject to sanctions. And we must reassure parents that we are committed to providing their children with educational opportunity no matter where they live or where they attend schools.

So with that, Mr. Secretary, I appreciate your being here. I will turn to Mr. Spratt for his opening comments.

Mr. SPRATT. Thank you, Mr. Chairman. And I would like to thank Secretary Paige, as well as Congressman George Miller and Lisa Graham Keegan for coming here to discuss the President's 2005 budget for the Department of Education. I can think of few issues that are more important to our future, and I look forward to the testimony from each of you.

Last week the President sent us a budget that increases the deficit by almost 50 percent and then vows to cut it in half over the next 4 years. These huge annual deficits are not just a fiscal problem, not just an economic problem; they are a moral problem, because our children and grandchildren will be forced to repay record amounts of debt that we are borrowing today. The administration calls these deficits manageable, but tell that to our children when the debt comes due. This is all the more reason—because of the debt, the burden, the legacy that we are leaving them—to make certain they are productive citizens who can earn their way in our society.

In the face of massive deficits with no surplus in sight, the administration nevertheless calls for more tax cuts which will reduce revenues by \$1.2 trillion and drive the budget deeper into debt. This makes it even more difficult to do what we all know we must do to improve education for all of our children. For 2005, all appropriated programs except those for defense, international affairs, and homeland security—all discretionary domestic programs—will have to fight each other. The budget pits them against each other for shares of a shrinking pie. The administration's fiscal policies have put us in the position where any increase in education this year has to come at the expense of other priorities: environmental protection, law enforcement, medical research, scientific research, public health; they are all in competition with each other. And the picture only gets worse in 2006, when total funding for domestic programs is cut even deeper below the 2005 level.

Today's hearing is an opportunity to talk about something critically important: education funding. The President's budget increases funding for the Department of Education by 3 percent, a modest increase that still leaves behind lots of children and even college students. Every year since he came to office, Congress has taken the President's budget requests, as you can see here from chart No. 3, has taken the budget's request, particularly under No Child Left Behind, and added something to it. This chart shows, the white bar, the amount the President requested and, the yellow bar, what Congress added. And the red bar is a stark testimony to what we said was needed, what we all authorized when we passed, to much acclaim, the No Child Left Behind bill just a few years ago. We said this was the level of funding that would be required for the school districts to meet the unprecedented obligations we were laying on them in the name of accountability.

Now, if we follow the President's budget over the next 4 years, the truth of the matter is we are going to cut funding for the Department of Education and never again reach the 2005 level. This is true by our reading of the budget and the computer printout that comes with it for every office and every budget account in the Department of Education in 2006 and beyond. The biggest shortfall, ironically, occurs in the President's signature program, his own program, No Child Left Behind. The President's budget increases 2005 funding for No Child Left Behind by \$448 million. That is 1.8 percent above the level enacted this year. This leaves that program \$9.4 billion short of the level that Congress and the President held out as necessary just 2 or 3 years ago when it required the States to meet the new achievement standards imposed by this law.

The 2005 total for NCLB leaves funding for Impact Aid frozen at the 2004 enacted level: teacher quality improvement grants frozen; after school programs frozen; comprehensive school reform eliminated; Title I plussed up a billion dollars, at least in 2005; it is unclear what happens in the out years; and other programs also cut or frozen in order to improve student achievement. All in all, I believe 38 different programs are going to be killed, thrown out. So this looks like we are increasing certain things, but in the name of making room for them we are decreasing other things and decreasing them substantially.

Despite, for example, the President's campaign to increase Pell grants for first year college students, this budget proposes to freeze the maximum Pell grant for the third straight year. In addition, it eliminates five higher education programs that total \$175 million, which results in a net cut for campus-based programs. It also freezes direct grants for students and cuts the support for student loans by \$2.3 billion over the next 10 years.

Mr. Secretary, with tuition rising and State funding falling, these cuts can only make college less attainable, less affordable for millions of college students across this country. We have a profound obligation to give our children a good education, good teachers, a safe learning environment where they are challenged to learn and equipped to succeed. Instead of living up to this obligation, I am afraid this budget is going to leave more students behind and, worse still, saddle them with mountainous budget debt. We can and should do better. We look forward to your testimony, Mr. Secretary.

Mr. HASTINGS. Thank you, Mr. Spratt.

Mr. Secretary, welcome to the Budget Committee. Without objection, your full statement will appear in the record, and you are recognized.

**STATEMENT OF HON. RODERICK R. PAIGE, SECRETARY,
DEPARTMENT OF EDUCATION**

Secretary PAIGE. Mr. Chairman, Representative Spratt, and members of the committee, thank you for inviting me to testify on behalf of President Bush's 2005 budget for the Department of Education. Before I discuss the facts and figures, I think it is important to preface our discussion with some comments about the Federal role in education.

The No Child Left Behind Act, and the President's budget to support it, is best understood within the context of the Federal role in education in our country. Because the Constitution was silent on the issue of public education, public education is a direct responsibility of the States, including funding. However, we do have a national interest. Although the Federal Government has provided some support for our public education since the late 1800s, it only took a prominent role with the enactment of the Elementary and Secondary Education Act of 1965. But the increased funds from this initiative proved to be an incomplete solution. In 1983, when the National Commission on Excellence in Education issued a groundbreaking report entitled, "A Nation at Risk," they chose their words purposefully. They didn't issue a report entitled Some Few States at Risk. National inequity does indeed place our Nation

at risk, and it is for this reason the No Child Left Behind Act is an important component of ensuring our national well being.

Our role at the U.S. Department of Education is to supplement State and local efforts, not to supplant them. A uniform set of “Federal standards” does not exist in our Nation. No Child Left Behind requires that States devise their own set of standards in order to achieve the law’s goals. By June 2003, for the first time in our Nation’s history, every single State in our Nation had developed a slate of standards for that particular State. This was done in the form of an accountability plan, which was approved by the U.S. Department of Education, which assures that every single child is receiving a high quality education in that State. Each State determined its own standards and how this plan was to be put in place. Each State determined how it helps its students meet the State-demanded standards. The President’s 2005 budget request builds on this supplemental, yet vital, role of the Federal Government.

Mr. Chairman, fiscal year 2005 is a critical year for the No Child Left Behind Act. The 2005 appropriations will fund the 2005–06 school year, a year that will witness two significant milestones under the new law. First, States and school districts will begin testing all students in grades 3–8 in reading and math. With the information provided by these annual assessments, teachers will have the data they need to teach each child effectively, and parents will be empowered to make informed choices about their children’s education.

Secondly, all teachers will be highly qualified by the end of the 2005–06 school year. To be “highly qualified,” a teacher must hold a bachelor’s degree and certification, licensure to teach in the State where they are employed, and have proven knowledge in the subject that they are teaching. There is no better way to improve education than by putting highly qualified teachers in every classroom. The No Child Left Behind Act recognizes this fact and will continue to work hard with the States to see that it comes true.

The President’s budget proposes \$57.3 billion in discretionary appropriations for the Department of Education in fiscal year 2005. This represents an increase of \$1.7 billion, a 3-percent increase over the 2004 level, and an increase of \$15.1 billion, or 36 percent, since President Bush took office.

As was the case in the President’s previous education budget, most resources are dedicated to three major programs that fund the cornerstone of the Federal education policy. The first is the Title I Grants to Local Educational Agencies. The President is seeking \$13.3 billion, an increase of \$1 billion over the 2004 level.

Title I helps children who are most in need to get extra help. They are the children most in danger of falling behind. Our determination to help these children, which I know is shared by the members of this committee, is reflected in the request that would complete a \$4.6 billion increase, or 52 percent increase in Title I funding since the passage of the No Child Left Behind Act.

The President also is asking for his fourth \$1-billion increase in for the Special Education Part B Grants to States program. Under the request, funding for Part B Grants to States would rise by \$4.7 billion, or 75 percent, since 2001. This represents the highest level of Federal support ever provided for children with disabilities.

And for the needs-based Pell grant program, the budget includes an increase of \$856 million, for a total of \$12.9 billion. This level would fully fund the cost of maintaining the \$4,050 maximum award and provide grants to an estimated 5.3 million postsecondary students. I would point out to the committee that more than 1 million additional students are now receiving Pell grants than when President Bush took office.

Included in this increase is a \$33 million line for Enhanced Pell grants for State Scholars. We know that students who complete a rigorous curriculum in high school are more likely to pursue and succeed in postsecondary education. This proposal would provide an additional \$1,000 for low-income postsecondary freshman who took challenging courses in high school.

Another priority is President Bush's, "Jobs for the 21st Century" initiative, which would help ensure that middle and high school students are better prepared to succeed in postsecondary education and the workforce. These proposals focus on improving instruction to ensure students are performing on grade level in reading and mathematics and on increasing the rigor of secondary school curricula. The Department's share of the "Jobs for the 21st Century" initiative includes \$220 million to improve the reading and math skills of secondary school students who are performing below grade level. The request for vocational education complements "Jobs for the 21st Century" by proposing a \$1 billion Secondary and Technical Education State Grants program that would more closely coordinate high school and technical education. It also includes \$12 million to increase the number of States implementing the rigorous high school programs of study in order to prepare students for postsecondary education and the workforce. This program would work to improve academic achievement and successful transitions from high school to further education and the workforce.

The 2005 request provides new funding for other ongoing priority areas as well, such as reading, expanding choice options and support for our postsecondary institutions serving a large percentage of minority students.

Funding for Reading First State Grants and Early Reading First Grants would grow by a total of \$139 million, more than 12 percent. Reading First programs offer children through grade 3 the benefit of research-based, comprehensive reading instructions designed to help meet the President's goal that all children are reading on grade level by the end of third grade.

Funding for research would rise by 12 percent.

Our budget also reflects the importance of extending educational options to parents and students, not just to those who can afford this freedom. No Child Left Behind has greatly expanded the choices available for students in low-performing schools, including both the option to transfer to a school that would better meet their needs and to obtain supplemental educational services like after-school tutoring. And this fall we will, for the first time, provide federally funded opportunity scholarships to low-income students in the District of Columbia.

The President's 2005 budget would build on these achievements by investing an additional \$113 million in expanding choices for students and parents. This would include \$50 million for a new

Choice Incentive Fund. This fund would provide competitive awards to States, school districts, and community-based nonprofit organizations to provide parents the opportunity to transfer their children to a higher performing public, private or charter school.

The request also includes a \$63-million increase for the Credit Enhancement for Charter School Facilities program. This program would assist with one of the largest obstacles standing in the way of charter school development, and that is finding decent facilities.

And finally, Mr. Chairman, our request reflects the President's ongoing commitment to postsecondary institutions that serve large numbers and percentages of minority students. We are asking for a total of \$515 million for these institutions, an increase of almost \$21 million, or 4 percent, over the 2004 levels.

Before I conclude, I want to mention some of the improvements we have made in managing the Department of Education programs. I knew when I came to this Department that we were going to expect States, school districts, and schools to implement the No Child Left Behind programs and to be accountable for the achievement of these students. If we wanted that to happen, we would have to demand the same kinds of accountability from ourselves and from the Department. Now, because of a concerted effort on the part of the Department staff, taxpayers can rest assured that their hard-earned tax dollars will be managed responsibly. Fiscal year 2003 marks the second consecutive year that the Department received an unqualified "clean" opinion from its financial auditors. Now, that may not seem like much to some. They may not see that worth celebrating, unless you know that the 2003 "clean" audit was only the third clean audit in the Department's 24-year history and with the 2002 audit, it was the only clean audit opinion to be delivered by an outside audit firm.

We also are continuing to make progress in all areas of the President's Management Agenda. Two weeks ago, the Office of Management and Budget announced that the Department received a major upgrade in its financial performance, moving from red to green status score. Our performance is ranked in the top one-third of all Government agencies and reflects our continued determination to inject accountability in everything we do at the U.S. Department of Education.

The President's 2005 budget request for education demonstrates his ongoing commitment to investing in educational excellence and achievement for all students. Nearly 50 years ago we all celebrated the historic "Brown v. Board of Education" opinion. In the years that followed, we found that educational access didn't automatically produce educational excellence or educational equity. We still have much work to do to ensure that a high-quality education is available to all students. I believe the No Child Left Behind Act is the logical next step to the Brown decision. The best way to eliminate racial inequity in our society is to close the achievement gap, which is the main purpose of the No Child Left Behind Act. By ensuring that all students count and their achievement is regularly assessed, we are extending civil rights and social justice. We have joined together to declare that it is no longer acceptable to shuffle students through the system and to console ourselves with excuses that poor students don't learn well. Our public schools not only

serve the public, but in many ways they create the public. They will set the future course for our Nation.

Mr. Chairman, when I last appeared before this committee, No Child Left Behind was a blueprint, it was a set of proposals. In the time since the No Child Left Behind law was passed, we have made tremendous progress in building a solid foundation of educational equity. Now we are in our third year of this legislation, and I believe we are witnessing a historic moment. No Child Left Behind extends the full promise of freedom to all of our Nation's students. I can think of no more effective program to ensure the future strength, security, and vitality of our Nation.

I thank you, and I would be pleased to respond to any questions that you might have.

[The prepared statement of Secretary Paige follows:]

PREPARED STATEMENT OF HON. RODERICK R. PAIGE, SECRETARY, DEPARTMENT OF
EDUCATION

Mr. Chairman, Representative Spratt, and members of the committee, thank you for inviting me to testify on behalf of President Bush's 2005 budget for the Department of Education. Before I discuss the facts and figures, I think it is important to preface our discussion with some comments about the Federal role in education.

FEDERAL ROLE IN EDUCATION

The No Child Left Behind Act—and the President's budget to support it—is best understood within the context of this Federal role. Because the Constitution was silent on the issue of public education, it is a responsibility of the States, including funding. However, we do have a national interest. Although the Federal Government has been involved in education since the late 1800s, it only took a prominent role with the enactment of the Elementary and Secondary Education Act of 1965. But the increased funds from this initiative proved to be an incomplete solution. In 1983, when the National Commission on Excellence in Education issued the groundbreaking report entitled, "A Nation at Risk," they chose their words purposefully. They did not issue a report entitled, "A Few States at Risk." Educational inequity does indeed place our nation at risk—and it is for this reason that the No Child Left Behind Act is an important component of ensuring our nation's well-being.

Our role at the U.S. Department of Education is to supplement State and local efforts, not to supplant them. A uniform set of "federal standards" does not exist. No Child Left Behind requires that States devise their own set of standards in order to achieve the law's goals. By June 2003, for the first time in our nation's history, every single State, the District of Columbia and Puerto Rico had developed an accountability plan to ensure every single child is receiving the high-quality education they deserve. Each State determined its own standards and now has a plan in place to help its students meet these State-defined standards. The President's 2005 budget request builds on this supplemental-yet vital-role.

A KEY YEAR FOR NO CHILD LEFT BEHIND

Mr. Chairman, fiscal year 2005 is a critical year for No Child Left Behind Act. The 2005 appropriation will fund the 2005–06 school year, a year that will witness two significant milestones under the new law. First, States and school districts will begin testing all students in grades 3–8 in reading and mathematics. With the information provided by these annual assessments, teachers will have the data they need to teach each student effectively—and parents will be empowered to make informed choices for their children's educational outcomes.

Second, all teachers must be highly qualified by the end of the 2005–06 school year. To be "highly qualified," a teacher must hold a bachelor's degree in the core academic subject he or she teaches, hold a certification or licensure to teach in the State of his or her employment, and have proven knowledge of the subjects she or he teaches. There is no better way to improve education than by putting a highly qualified teacher in every classroom. The No Child Left Behind Act recognized this fact, and we continue to work hard with States to make it a reality.

MAJOR PROGRAM INCREASES

The President's budget proposes \$57.3 billion in discretionary appropriations for the Department of Education in fiscal year 2005. This represents an increase of \$1.7 billion, or 3 percent, over the 2004 level, and an increase of \$15.1 billion, or 36 percent, since President Bush took office in 2001.

As was the case in the President's previous education budgets, most new resources are dedicated to three major programs that form the cornerstone of the Federal role in education. For the Title I Grant to Local Educational Agencies program, the President is seeking \$13.3 billion, an increase of \$1 billion over the 2004 level.

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The President also is asking for his fourth consecutive \$1 billion increase for the Special Education Part B Grants to States program. Under the request, funding for Part B Grants to States would rise by \$4.7 billion, or 75 percent, since 2001. This represents the highest level of Federal support ever provided for children with disabilities.

And for the need-based Pell grant program, the budget includes an increase of \$856 million, for a total of \$12.9 billion. This level would fully fund the cost of maintaining a \$4,050 maximum award and providing grants to an estimated 5.3 million postsecondary students. I would point out to the committee that more than one million additional students are now receiving Pell grants than when the President took office.

Included in this increase is \$33 million for Enhanced Pell grants for State Scholars. We know that students who complete a rigorous curriculum in high school are more likely to pursue and succeed in postsecondary education. This proposal would provide an additional \$1,000 for low-income postsecondary freshmen who took challenging courses in high school.

JOBS FOR THE 21ST CENTURY

Another priority is President Bush's, "Jobs for the 21st Century's" initiatives, which would help ensure that middle and high school students are better prepared to succeed in postsecondary education and the workforce. These proposals focus on improving instruction to ensure students are performing on grade level in reading and mathematics and on increasing the rigor of secondary school curricula. The Department's share of the Jobs for the 21st Century initiative includes \$220 million to improve the reading and math skills of secondary school students who are performing below grade level.

The request for vocational education complements Jobs for the 21st Century by proposing a \$1 billion Secondary and Technical Education State Grants program that would more closely coordinate high school and technical education. It also includes \$12 million to increase the number of States implementing rigorous high school programs of study in order to prepare students for postsecondary education and the workforce. This program would work to improve academic achievement and successful transitions from high school to further education and the workforce.

OTHER PRIORITIES

The 2005 request provides new funding in other ongoing priority areas, such as reading, expanding choice options and support for postsecondary institutions serving large percentages of minority students.

Funding for Reading First would grow by \$139 million, or more than 12 percent. Reading First offers children in grades K–3 the benefits of research-based, comprehensive reading instruction designed to help meet the President's goal that all children read on grade level by the end of third grade.

Funding for research would rise by 12 percent under the budget request to help us better evaluate what works in education.

Our budget also reflects the importance of extending educational options to all parents and students—not just to those who can afford this freedom. No Child Left Behind has greatly expanded the choices available to students in low-performing schools, including both the option to transfer to a school that will better meet their needs and to obtain supplemental educational services like after-school tutoring. And this fall we will for the first time provide federally funded opportunity scholarships to low-income students in the District of Columbia.

The President's 2005 budget would build on these achievements by investing an additional \$113 million in expanding choices for students and parents. This includes \$50 million for a new Choice Incentive Fund. This fund would provide competitive awards to States, school districts and community-based nonprofit organizations to provide parents the opportunity to transfer their children to a higher-performing public, private or charter school.

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Finally, our request reflects the President's ongoing commitment to postsecondary institutions that serve large numbers and percentages of minority students. We are asking for a total of \$515 million for these institutions, an increase of almost \$21 million, or 4 percent, over the 2004 level.

MANAGEMENT IMPROVEMENTS

Before I conclude, I want to mention some of the improvements we have made in managing the Department and its programs. I knew when I came to the Department that if we were going to expect States, school districts and schools to implement No Child Left Behind and be accountable for the achievement of students, we would have to demand that same kind of accountability from ourselves.

Now, because of a concerted effort on the part of Department staff, taxpayers can rest assured that their hard-earned tax dollars will be managed responsibly. Fiscal year 2003 marked the second consecutive year that the Department received an unqualified "clean" opinion from its financial auditors. That may not seem like something worth celebrating, unless you know that the 2003 "clean" opinion was only the third "clean" audit in the Department's 24-year history. And, along with the 2002 audit, they are the only "clean" opinions to be delivered by an independent auditor.

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CONCLUSION

The President's 2005 budget request for education demonstrates his ongoing commitment to investing in educational excellence and achievement for all students. Nearly 50 years have passed since the historic Brown v. Board of Education decision. In the years that followed, we found that educational access did not automatically produce educational equality. We still have much work to do to ensure that a high-quality education is available to all students. I believe the No Child Left Behind Act is the logical next step to the Brown decision. The best way to eliminate racial inequality in our society is to close the achievement gap. By ensuring that all students count and their achievement is regularly assessed, we are extending civil rights and social justice. We have joined together to declare that it is no longer acceptable to shuffle students through the system and console ourselves with excuses for poor student achievement. Our public schools not only serve the public; in many ways, they create the public. They will set the future course of our Nation.

Mr. Chairman, when I last appeared before this committee, No Child Left Behind was a blueprint, a set of proposals. In the time since No Child Left Behind became law, we have made tremendous progress in building a solid foundation for educational equity. Now as we enter the third year of this legislation, I believe we are witnessing an historic moment. No Child Left Behind extends the full promise of freedom to all of our nation's students. I can think of no more effective program to ensure the future strength, security and vitality of our nation.

Thank you. I would be pleased to respond to any questions you may have.

Mr. HASTINGS. Thank you, Mr. Secretary. I appreciate your testimony.

And I would advise members, as I mentioned at the outset, that the Secretary is on a time schedule, but obviously he wants to respond to all of our questions, so I would ask everybody to adhere as much as you can to the 5-minute rule, and we will be OK. I will try to expedite that.

Mr. Secretary, I want to start the questioning just by saying something that you alluded to and I alluded to in my opening re-

marks, and that is that since President Bush became president, funding for educational dollars has increased dramatically, and specifically with the No Child Left Behind. The question I have is do you feel that what we have funded on No Child Left Behind is sufficient for the States and the local school districts to successfully implement No Child Left Behind?

Secretary PAIGE. Mr. Chairman, I am certain of that point. Nothing could be clearer. The No Child Left Behind Act is sufficiently funded to accomplish the goals of the Act. The barriers in front of the accomplishment of the No Child Left Behind Act are not financial barriers. It is true that we are experiencing tight money situations in many of our States and school districts, but the Federal growth and the Federal amount for achieving the Federal goals is quite sufficient.

Mr. HASTINGS. And that is primarily, as you pointed out in your testimony, because the Federal role is a supplement to what has historically been a responsibility of locals and State government.

Secretary PAIGE. Precisely.

Mr. HASTINGS. I have to say, just in closing, in my State, in Washington State, we had State-wide testing prior to No Child Left Behind, and your Department acknowledged that test as being a test that would comply with No Child Left Behind. When I have been out in my district talking to various school districts about this, they tend to be very enthusiastic about the concepts and the accountability of No Child Left Behind; they worry about the testing. And, of course, I point out to them that is something that they can affect on the State level. Is my State somewhat similar in that regard?

Secretary PAIGE. Yes, it is.

Mr. HASTINGS. OK, good. Thank you, Mr. Secretary.

Secretary PAIGE. Thank you.

Mr. HASTINGS. Mr. Spratt.

Mr. SPRATT. Mr. Secretary, the President's budget for this year didn't come to us with the customary level of detail. We don't have the 5 to 10-year funding levels for discretionary programs, but we do have a computer run from OMB. And this computer run shows that for 2006, year after next, the function we are dealing with, which is function 500, is cut by almost \$2 billion below the level that is requested for 2005, and for the next 3 years it stays below that level by about \$2 billion. Furthermore, it appears to us, looking through the computer run, that these cuts are reflected in every office and account of the Department of Education; it affects education for the disadvantaged as well as the office of elementary and secondary education programs, special education, discretionary student financial assistance.

What you are effectively saying with this budget, particularly in the outyears, is that we will plus it up a bit this year to make it look good, but then the years succeeding, for the next 4 years, there will be less for all of these programs. For example, education for the disadvantaged: The amount allocated for this year's request is \$15.2 billion, but next year it slips to \$14.8 billion and never rises above \$14.9 for the next four fiscal year. Elementary and secondary education programs: The requested level this year for 2005 is \$22.5 billion; next year, 2006, it drops to \$21.9; and stays at or below

that level. And that is true throughout here; you are raising it a bit this year, but then cutting it by basically \$2 billion over the next 2 years. What is the logic of that?

Secretary PAIGE. Congressman Spratt, it is my understanding that long-term estimates are calculated by formula. OMB has advised us that the numbers beyond 2005 do not reflect detailed policy decisions by this administration; they are roughly held estimates. And so we will have to await the policy decisions to draw conclusions about what the funding level will be in the years beyond 2005. The budget for 2005 is holding down increases. Outside of defense, homeland security, and international activities, the overall growth proposed is only about half of 1 percent. The outyear numbers are consistent with constrained spending, but they don't represent, as of this time, policy decisions.

Mr. SPRATT. Is it your plan to seek, in 2006 and 2007 and 2008 and 2009, enough money so that you can at least maintain the current level of purchasing power, current services for all of these vitally important accounts?

Secretary PAIGE. It is my intent to seek and advocate for that level of funding that is sufficient to accomplish the goals of the No Child Left Behind Act and the other programs inside of the U.S. Department of Education, and I am confident by the fact that despite all of the competitive forces for the Federal dollars now, the evidence is clear that the President has been very good in providing the support for education that is needed. Now, I anticipate that to continue.

Mr. SPRATT. But you are not getting it this year. I mean, OMB hasn't been able to see fit to provide you the money that you, I think, would acknowledge you need. If you are going to close the achievement gap, you have got to close the funding gap, right?

Secretary PAIGE. Well, I don't believe that it has been established that this funding linkage with performances is that tight. In fact, if that were true, then the Washington, DC public schools would be one of the highest performing school districts in all of our Nation, and it clearly is not.

Mr. SPRATT. Well, let me ask you about that. The President's budget, by our calculation, provides \$9.4 billion less than Congress and the President promised by way of authorization when the No Child Left Behind Act was passed. My school districts think that they have been the victims of a giant bait-and-switch scheme, where they were told that there would be more accountability expected, the standards would be more rigorous, but at the same time there would be more funding, and that funding was represented specifically in the bill that was passed in 2002. Nevertheless, the funding level next year will be \$9.4 billion less than what the authorization levels would have seemed to imply just a couple of years ago.

What do the authorization levels mean; were they just an arbitrary stab in the air? Was there not some sort of expression here that this is what is needed or this is what is desirable, and this is what we will shoot for, or is it just a number?

Secretary PAIGE. My understanding is the authorization levels represent a cap on spending, that there can be no more than that amount spent. In fact, in my limited time here in DC, I have no-

ticed that it is not at all unusual to see a difference between that which is authorized and that which is appropriated.

Mr. SPRATT. It is unusual to see this big a difference, \$9.4 billion, in a program that is about \$30 billion. And I think your answer, then, is the authorization levels are not a desirable level, they are an upper cap, and you can do with \$9.4 billion less than the authorization.

Secretary PAIGE. Mr. Congressman, I think that the debate about money masks the real problem in public education in the United States of America, and it takes the focus away and it also says to the people in our Nation that the real reason why our students are performing at the levels they are performing now—which is clearly an undesirable level—is money, and I just disagree with that wholeheartedly.

Mr. SPRATT. Aren't you asking the school districts who are subject to No Child Left Behind to do more than ever in compliance with this Act in order to qualify for Federal funding?

Secretary PAIGE. Yes, sir, we really are, and also we are supplying funds more than ever. This is historical in terms of the amount of money that we are providing for them. In fact, if this budget is approved, the increase in Title I will be in the neighborhood of 42.5 percent.

Mr. SPRATT. Can we be assured that that is going to last in 2006 and 2007 and 2008, given the fact that we have got a shrinkage in the total pie?

Secretary PAIGE. I am very confident that the President is so committed to this as a priority that whatever amount that is needed to cause the achievement that we are seeking will be provided, or be requested at least.

Mr. SPRATT. One particular point and I will turn it over to others. The President, in his campaign, pledged to increase Pell grants for first-year college students, but this budget would still freeze the maximum Pell grant for the third straight year. And with the strictures on discretionary spending we are seeing in this budget, I don't see any increase in the Pell grant in sight in the individual Pell grant. Not in the overall funding, in the individual Pell grant, the maximum Pell grant.

Secretary PAIGE. Well, one might find some comfort in the fact that about 1 million more students now are receiving Pell grants than was the case when the President took office. And in addition to that, the growth in the enrollment of students in higher education is substantial. In fact, it is in the neighborhood of 7, 8 percent, and between 1996–99, it never increased in a single year more than about 2.5 percent.

Mr. SPRATT. But if you have more students seeking Pell grants and a fixed amount allocated for Pell grants, when you divide one into the other, you get a smaller Pell grant, don't you?

Secretary PAIGE. The average Pell grant recipient—the amount that they receive has not been substantially reduced. More students are receiving Pell grants, but it has not impacted in a way that would reduce the average amount of a Pell grant.

Mr. SPRATT. Thank you very much, Mr. Secretary.

Secretary PAIGE. Thank you.

Mr. HASTINGS. Mr. Schrock.

Mr. SCHROCK. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for coming. Thank you for leaving the good life you had in Texas to come up here to put up with the rigors of Washington, DC. It takes a special person to do that, and obviously you are that person.

I do support No Child Left Behind. When I was in the State senate, I thought if anything came from Washington it was an unfunded mandate and I was automatically against it. I think a little different now because I think this is different. And critics in several States are asserting that the cost of implementing this Act is prohibitive and that the law really amounts to nothing but an unfunded mandate, and it is my understanding, of course, that States have the right to forego these funds that are awarded under the law.

I want to ask you how costly is it for the States to implement the law, and what do you say to those who call it an unfunded mandate? Our House of Delegates in Virginia just did a resolution against this thing, and I would like to know what your answer is to that.

Secretary PAIGE. The information we have on costs, especially that part of the costs that is associated with the accountability—the development of the tests and the implementation of tests—this turns out to be where a lot of the complaints about cost reside.

Mr. SCHROCK. That the States are going to pay for it whether we do it or not, because they have got to do some kind of testing?

Secretary PAIGE. Not only that. This budget provides around \$400 million for that purpose, and the earlier budgets provided \$390 million for that purpose. A researcher at Harvard University computed what they determined to be the amount of money that would be spent to do that, and they found out it would be less than 1 percent of the average per pupil expenditure. And to spend less than 1 percent of the average per pupil expenditure in the United States, which is about \$8,700 now, for accountability to measure or give you some clue in how much growth that should be. Just recently, in fact, just today, I saw a research study that was done by a person in Massachusetts, which is clearly not a conservative hotbed, that estimated the cost of this assessment to be about \$20 per child, about \$20 per child out of the \$8,700 that we spend on a child for assessment. I think that we are drastically under-spending. And, finally, even those States that have already developed these accountability systems are eligible to share in this fund as well, so they might even make money above what their cost is going to be. It is clearly a bogus argument about the cost of assessment.

Mr. SCHROCK. And I agree with the chairman. In his opening comments, he suggested that money does not equate to results, and I absolutely agree with that. My wife is a school teacher; she tells me that every single day.

In your opinion, is there a link between per pupil expenditure and the educational results? And why is it that so many school districts with high pupil expenditures demonstrate low achievement scores, as you mentioned DC, which I believe has the highest per pupil expenditure and one of the lowest scores in America?

Secretary PAIGE. The closest link is the efficiency of the expenditure, how wise is the expenditure that takes place. And we find that there are many cases where the systems that are in place, and the programs that are in place, the pedagogy that is used can offset the amount of spending, and you can pile money on top of that until you turn purple, and you won't change the performance of the students. You have to look and see how wisely those dollars are spent.

Mr. SCHROCK. We need to get parents involved in the education of their children, and that just isn't happening these days, unfortunately.

Secretary PAIGE. Not nearly enough.

Mr. SCHROCK. No. You know, despite sizeable spending increases, some on the other side of the aisle have criticized the lack of full funding of the authorization ceilings for the No Child Left Behind Act, particularly Title I programs. Yet, when Democrats were in charge of both the Congress and the White House, appropriated levels for these same education programs were routinely below the authorized ceilings.

In your opinion, and you may not want to answer this, do you think that the debate over this ceiling is driven mostly by election year antics, or do you think there is real substantive issue at stake here?

Secretary PAIGE. Whatever its purpose, I see it as one of the most devastating things that is impeding the progress in student achievement. They are sending the wrong message. It is masking the analysis of the programs that could point out some of the other aspects of the programs that need our attention. It is true that we need funding, and we need adequate and sufficient funding, but there are many other aspects of the pedagogical system that need examining, and right now nobody is paying attention to that because the emphasis is all on how much money we are spending, as if victory is measured by how much money we spend.

Mr. SCHROCK. I agree. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. HASTINGS. Thank you, Mr. Schrock.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Let me follow up on the initial comment that my colleague from Virginia made about the Commonwealth and the fact that the majority-controlled, Republican majority-controlled House in Virginia just voted 98-1 to reject the No Child Left Behind program. They did call it an unfunded Federal mandate. They objected to substituting arbitrary Federal goals of accountability for the State's own accountability program, which had in fact been achieving results. They objected to the fact that they had to spend almost \$8 million to modernize its computer systems just to track No Child Left Behind goals, and then the Federal Government would come up with only \$4.5 million of the cost of that.

Now, all of the people in Fairfax County that I represent agreed with that Republican resolution to reject the program. Fairfax County has a million people; twelfth largest school district in the country. It has 79 different languages spoken. About half of the limited English proficiency students in the State are in Fairfax

County. But their legislators—and their educators, more importantly—tell me that they are getting punished for much of the results that they are achieving, particularly with disabled children and with the limited English proficient children.

They get credit for 3 years of a child not being able to speak the English language, immigrant children, first generation American children. But it generally takes 5 to 7 years. Once that 3-year period is up, then they don't get credit for having achieved their results, and that is one of the reasons why many schools are failing. In fact, one of the best schools in the State just failed solely because it had a disproportionate number of LEP, limited English proficiency, students there. They were told that the high school failed. This is a very affluent community, but they could send their children to other schools, such as a school that passed which was down in a very low-income area of Route 1 that serves children with behavioral and learning disabilities.

This program is not working in my State. It is creating a great deal of resentment against the Federal Government. It seems arbitrary; it seems as though it was poorly thought out, and its implementation is even worse. That is why you get one of the few bipartisan resolutions that has passed the State legislature.

I don't know where we are going with this, but, you know, when you take \$9.4 billion less than the authorized level in this budget that you are supporting, it shows that we have very little flexibility to make up for these gaps and to respond to these concerns. I would like to know what you would say to them. Now, I will give you an opportunity to tell them that directly if you would be willing to sit down and have a meeting. I have a sense that some of your people are avoiding those meetings, but we are more than happy to set it up if you are willing to meet with our legislators and educators, particularly our superintendents. But we have got a problem, and I don't know where else to go to fix it than the person that started it, the Secretary of Education. So, Secretary Paige.

Secretary PAIGE. Thank you. First of all, let me indicate I would be more than glad to accept an invitation to speak to any of the persons in Virginia who are concerned about this.

Mr. MORAN. Done. My staff just wrote that down.

Secretary PAIGE. Yes, please. Secondly, I wrote every member of the Virginia legislature to explain our point of view and try to help clarify some of what I believe to be clear misunderstandings that underpin the decision that they made. First of all, I would be very complimentary of the school reform efforts in the State of Virginia. It has clearly been one of the States that has led our Nation in school reform, and they have got their standards of learning, and the way they have conducted themselves is clearly complimentary.

Mr. MORAN. But you overwrote it, Mr. Secretary.

Secretary PAIGE. The State of Virginia's accountability plan has a goal of 70 percent of their students reaching proficiency. Seventy percent. That is to say, 30 percent are not required to reach proficiency. I have an idea who those 30 percent are, I mean, who they represent. The No Child Left Behind Act requires 100 percent of students to reach proficiency. So our job, then, is to integrate those two systems, the very fine, complimentary system that Virginia has and the tenets of the No Child Left Behind law that was enacted

by this Congress. That provided some tension, and this tension is being experienced, but there are solutions to that.

I look forward to sitting down and talking to them, because I believe they want their children to have a fine education just as much as I do, and I believe that we can sit down and reasonably work these issues out. And this goes for every State, not just Virginia. We faced those kinds of problems in Louisiana. There is discussion going on in Utah, and there are some other issues like that. But these are just, I think, growing pains resulting from a law as complex as the No Child Left Behind Act. We are completely open for full discussion, and we are very flexible, inside the limits of the law that you ladies and gentlemen passed, in order to provide relief for the citizens there.

Mr. MORAN. Thank you, Mr. Secretary. We will set up that meeting.

Mr. HASTINGS. Thank you, Mr. Moran.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

Mr. Secretary, I am glad to hear, and I want to make sure I am not misunderstanding, that what you are saying about granting relief, you are not willing to accept—and I am glad I heard that—any child left behind as part of that relief.

Secretary PAIGE. That is where the line is drawn.

Mr. DIAZ-BALART. Absolutely.

Secretary PAIGE. And I also am not willing to depart from the congressional intent of the No Child Left Behind Act.

Mr. DIAZ-BALART. Mr. Secretary, a lot of States, and we keep hearing that, they are complaining that they are not receiving sufficient Federal funding, and yet the Department reports that there is more than, and I am looking here, \$5 billion in unspent Federal dollars which the States have access to. And OMB Director Bolton said that the surge in recent education spending, that some of those States have not been able to absorb it quickly enough. Can you explain why States are asking for more money when it seems they are not being able to spend the money that is already there? How is that working?

Secretary PAIGE. Well, I would clearly be speculating with comments on the why, but we can say that a report that I received in the third week of December of last year showed better than \$6 billion of unspent money, funds that were appropriated for use in education—some of it went all the way back to the year 2000. Reasons may vary, but the point is very clear, that although some has been drawn down now, there may be as much as \$5 billion of unspent funds that were appropriated by the Congress for educational services to young students. And there has been kind of a rush to draw down some of those dollars, and that is, I guess, to be expected. But we think that sufficient planning and implementation of programs and thoughtfulness would require a different way of looking at it, let me just leave it like that.

Mr. DIAZ-BALART. Thank you, Mr. Secretary. Also, we keep hearing about this and you have been emphasizing that the debate shouldn't be just on money, debate should be on results, and I am encouraged by that, the statement and your actions. If you look at the Department of Education's budget, it is basically two-and-a-half

times larger than it was in 1996, when the Republicans took control.

You mentioned Pell grant funding. It has just skyrocketed, again, almost two and a half times greater than it was when the Republicans took control in 1996.

The Department of Education Inspector General recently identified over \$300 million in Pell grants that were issued to students who shouldn't have qualified, who misrepresented their income levels in their applications, et cetera. I know you have been emphasizing that as one of your main issues, and the President has. How is the Department taking action against fraud, this sort of fraud, which obviously means that that money is not available for others, or for increases in Pell grants? What do you think you can do better or what are you doing to try to eliminate fraud in Pell grants and other areas, but specifically in Pell grants, when the Inspector General identified \$300 million?

Secretary PAIGE. Identifying fraud throughout the system has been one of our priorities, and I have with me Associate Deputy Secretary Todd Jones, who will comment on that, specific to Pell grants.

Mr. JONES. One of the President's proposals is to allow what is called the IRS data match, which will allow the Department to match what people say about how they qualify for Pell grants against what they actually tell the IRS that they have earned in a given year. Interestingly, it doesn't necessarily mean it is all people who are seeking or qualifying for more Pell grants than that for which they are entitled, but some who actually are entitled to more Pell grant than they thought they were, based on that data. That requires action, however, by the Ways and Means Committee to change the tax laws to permit that, and so that is before the Ways and Means Committee at this time.

Mr. DIAZ-BALART. And lastly, Mr. Secretary, I just want to commend you for sticking to your guns of demanding performance, demanding results. I know that whenever you ask anyone, including bureaucracies, to show performance and show results for the money that they are receiving, whether it be here in DC or even with the States and local school systems, we are going to find a lot of complaining, but I want to thank you for sticking to your guns and making sure that, again, if school systems want to leave 30 percent behind or 20 percent behind or 5 percent behind, I want to thank you for not accepting that as a given and something that has to happen, and for sticking to your guns for the kids in this country. Every single one of them deserves an opportunity to learn, and every single one of them can learn. Whether school districts want to or not, they can learn. Thank you, sir.

Secretary PAIGE. Thank you very much. I would just express my appreciation to you for that because I feel that we are facing an unrecognized education crisis in the country, about education and the amount of the achievement gap that we have—especially the devastating impact that that has on minority kids. And I just am unyielding about that.

Mr. HASTINGS. Thank you.

Ms. Baldwin.

Ms. BALDWIN. Thank you, Mr. Chairman.

An article in the Chronicle of Higher Education analyzing the President's budget ends with this quote from a higher education analyst: "The President's budget starts with frozen student aid funding, adds in higher loan limits, and requires students to pay a fee to obtain their loans. The result? Students are going to have one huge mountain of bigger debt to swallow if these proposals pass." I would add to that that these proposals on the part of the administration overlay a tremendous increase in tuition experienced throughout the country.

I would like to share with you a little bit about the pressures on college students in my own district and State. I come from the State of Wisconsin. My congressional district has three of the University of Wisconsin system campuses. Wisconsin began last year with a projected budget deficit of \$3.2 billion over 2 years, and a lot of tough decisions had to be made, among them the university budget was cut by \$250 million systemwide over 2 years, and the campuses were told that they could recoup some of those dollars through tuition increases.

As I mentioned, there are three University of Wisconsin system campuses in my district: the University of Wisconsin Madison Campus, with well over 40,000 students attending, where they saw a tuition increase this year of 9 percent and next year are promised another tuition increase of 9 percent again; the University of Wisconsin Whitewater Campus saw an 8.5-percent increase; and the University of Wisconsin Baraboo Campus saw a 16-percent increase in tuition.

In view of this, I know you have already been asked a couple of times about the failure to increase the maximum award for the Pell grant, but I wanted to start there. Given that college costs are rising so substantially, how do you justify this continued freeze, and when might we actually see the President make some progress on his earlier commitment to raise the maximum Pell grant award to \$5,100 for college freshman? Is that something that you entertain in your long-term plans? And then I have several followups relating to other aspects of higher education funding.

Secretary PAIGE. We are very concerned about the cost of higher education, but we are also aware of the fact that tuition increase and the actual cost of education is not the same. We can't make the case that the price and the cost is the same thing. And we have very little control over the tuition increase that the universities decide upon; they make those decisions based on internal information and their own volition.

The 1 percent fee that you spoke of, some could certainly argue that that increases the cost to students, but we think it increases the benefit to students, especially for those students who are currently obtaining a loan from a guaranty agency. About 50 percent of those guaranty agencies, of which there are 37, pay that 1-percent guaranty fee for the recipient; the others do not. That 1 percent is Federal taxpayers' money, it is taxpayers' money, and it should come back to pay the cost of providing for the integrity of the system. Now, whether the guaranty agency decides to pay that for the student themselves or whether the students pay it themselves, it is a benefit to the system that those dollars are there to protect the system against defaulted loans and to keep the system's

credibility high. So the 1 percent is not viewed by us as increasing the cost to students, as it is providing integrity for the program itself, which is a benefit to the student. And, by the way, I would add it is what helps keep the interest rate as it is, which is a benefit to students.

Ms. BALDWIN. Mr. Secretary, I have listened to your explanation of the 1 percent fee. I would tell you that in Wisconsin our graduates have a default rate roughly half of the national average, and so I guess some of my students see it as a 1-percent tax on them that is going directly to benefit others, but not them, and is making their higher education a little bit more out of reach.

The last question I have about the concern that this administration may have on rising college costs is has the administration taken a position or a view on Congressman McKeon's Federal price control legislation? I know there has been a lot of discussion in Congress about H.R. 3311 and lots of concern raised about who that would truly help or penalize. Has the administration or have you, Mr. Secretary, taken a position on this legislation?

Secretary PAIGE. Two points. The first one is that we have not taken a position on Mr. McKeon's initiative. The second one is that the 1-percent student loan fee for us in higher education is an idea quite different from the No Child Left Behind idea, in which the standards are provided by the individual States. So we don't distinguish between how the default rate happens in Wisconsin and other States, we see it as one default rate across the system.

Mr. HASTINGS. Thank you very much.

Mr. Garrett.

Mr. GARRETT. Thank you.

And thank you, Mr. Paige, for being with us. I applaud your passion that you have for education and for the children, that they get the best education possible. In the years that I was in State government, it is something that I spent a considerable amount of time with, serving on the education committee in the State of New Jersey. During that time, New Jersey, in fact, was—you might use the expression—ahead of the curve inasmuch as we were coming up with what we called CCC, the Core Curriculum Content standards for the State. So we were already—before many other States, and before the Federal Government came down with such programs—developing our own system to put in place as to what each child would be instructed and required to learn before graduation.

At the same time, I might add, we had legislation that I sponsored which called for not only looking into the classroom and always put the focus and the burden on the teachers, where so much emphasis is often placed as far as accountability, but also looking at the Department of Education, who spends the money, which I think is appropriate as well.

I wasn't going to go down this road, but since I note in your opening remarks you talked about the proper role for the Federal Government in education, you indicate you say, because the Constitution was silent on the issue of publication. I remember Thomas Jefferson was once asked why is it that the Federal Government does not provide a public education for the students of this country back when he was President, and he responded, well, it is very simple, because the Constitution does not give us that authority. So

perhaps you can enlighten me for the next time I go to a civics class and the class asks me if that is the case, what is the constitutional authority at all for the Federal Government to be involved in education funding.

Secretary PAIGE. The Federal Government has been involved in a small way in public education funding since back in the early 1800s, when it provided Federal land to municipalities to build schools. But the main entry into funding in public education came in 1965 in Lyndon Johnson's war on poverty, when the Elementary and Secondary Education Act was enacted and funded at the level of about \$1 billion. And what is the authority? The authority is simply the Federal Government's ability to attach conditions to the expenditure of the Federal funds, and that is the primary authority that is used even now.

What happened in the No Child Left Behind Act is that the Congress was very clear about limiting even the Department of Education's ability to involve ourselves in some of the matters of State concern. For example, we are expressly prohibited from dealing with curriculum and things like that. All of those are State issues. So it is pretty well embedded into Federal law.

Mr. GARRETT. I was quizzed on that question one time and I honestly couldn't go and say, well, this is where it is in the Constitution either. So that is one of the interests that you bring that up here.

Back in my State, when I was back in the State government, I asked our State department of education, of all the dollars that we spend in education, and New Jersey I think spends the most in the country—how much comes from the Federal Government? We spend around \$14,000 per student in our New Jersey schools, and they said around 3 cents on the dollar actually comes from the Federal Government. And so like other States, their concern is what is the cost of compliance for the State of New Jersey and the other States as well. Has the Department done an analysis on a State-by-State breakdown as to what each individual State's cost of compliance is with the No Child Left Behind Act?

Secretary PAIGE. No, I am not aware of a State-by-State breakdown on the cost of the implementation of the act.

I am going to ask Tom Skelly, who is our budget officer.

Mr. GARRETT. OK.

Mr. SKELLY. No, Congressman, we don't have a study by State. But there has been some information, including the study the Secretary referred to earlier, in Massachusetts which found that the costs were being covered by the funds that the States were receiving from the Federal Government. That was just Massachusetts.

Mr. GARRETT. That simply addressed Massachusetts?

Mr. SKELLY. That is how I understand it, yes.

Mr. GARRETT. OK. And is the Department doing any other reviews as far as the other States, or is that the extent?

Secretary PAIGE. That wasn't us, it was done by an independent group.

Mr. GARRETT. At the Department's request?

Secretary PAIGE. There is no initiative that I am aware of in the Department that would examine the actual cost of implementing the law in each individual State.

Mr. GARRETT. OK. And the last question is, and you may not be able to get into the specifics since I know it is hard. In our States, where I hear from, of course, is the schools that have come out with failing grades and the repercussion that it has in the community, as I am sure you can imagine. Some of those schools that are the loudest complainers or bring attention to my office the most are schools that are, generally speaking, considered some of the best schools, not only in my district, but some of the best schools in the State. What is my response to them when they find themselves in that awkward situation?

Secretary PAIGE. This is one of the things that we have had the most difficulty in communicating. First, the No Child Left Behind Act is a positive law, and it never uses the term "failing;" it uses the term "needing improvement." I will give you a personal example. In my district in Houston there is a school called Bel Air High School which is a premier high school any way you measure it. A very good high school. But that high school has a mix of students, and it was either the African-American students or the Hispanics students who failed to meet math standards that year. That school was identified then for improvement. So Bel Air can claim to be a great school, and it is, but it still needs improvement because some subpopulations are not receiving the quality education that they need.

The No Child Left Behind Act is built so that you cannot just celebrate the fact that some of the students, some subpopulations, are doing well. If you leave any subpopulation behind, the Act identifies you as in need of improvement. We don't say you are failing, but we say you must improve so that you can bring along all the subgroups.

Mr. GARRETT. OK. Thank you very much for that.

Mr. HASTINGS. Thank you.

Mr. Lewis.

Mr. LEWIS. Thank you very much, Mr. Chairman.

Thank you very much, Mr. Secretary, for being here today. I just want to take a moment to react to Mr. Balart's concern and also raise a question or two.

You know, the Constitution is a living document. The very spirit of the Preamble to the Constitution suggests that we should look out for the general welfare, and I think education is part of looking out for people. In the Constitution, you know, some of us were not included in the Constitution, and now with action of the Congress and other decisions, now people have made changes and we have made a lot of progress. But I recall in 1954, May 17, 1954, when the Supreme Court issued the decision in "Brown v. the Board of Education." I was 14 years old, in the ninth grade, and I thought I would attend a desegregated school, would no longer travel by broken down buses or use hand-me-down books, and that didn't happen.

I want to know from you, Mr. Secretary, have you seen any studies or reports showing that our public school system is becoming more segregated, that we are moving away from the spirit and the letter of the Supreme Court decision of 1954, and what the Supreme Court went on to say, "with all deliberate speed" in 1955?

And then if you would just hold it for a moment. What is your vision with this budget? What is the vision of this administration with providing quality education for all of our children? And another thing that struck me, you said victory or success may not depend on the amount of money. But you know, money could be a down payment to help people get a little better education. I notice in one of the TRIO programs, Upward Bound, which means so much to young people in my district, I believe only 70 percent of the eligible students are participating, and you are freezing this important program. So I think you do need money. You need resources. I travel and spend a lot of time at many schools in my own district and all across the State of Georgia and all across this country. People need resources, they need money to help.

So I just want you to respond.

Secretary PAIGE. Thank you. May I begin, Representative Lewis, by saying your comments at the prayer breakfast were very touching. I appreciated them very much. And I want to continue by saying you are right, some of us were not mentioned in the Constitution, and some of us were left behind as far as the Constitution is concerned. Constitutionally, some of us still are being left behind. And the ones that are being left behind are primarily impoverished, minority, inner city, and some rural students. This country has some of the best high schools and elementary and middle schools in the world, but these schools, many of them are satisfied with measuring the average performance of the school and not looking inside the average and seeing down underneath it that their students are not doing well. And if they are celebrating their success, they are not paying attention to these kids that are underneath.

My vision is a system that does not allow a school system to do that. While applauding how they are doing, like I applaud what Virginia is doing, I wanted to point out that 70 percent of Virginia students as a goal of achieving proficiency is a great goal, but 30 percent of them not required to do that is something that I would consider in need of improvement, because I believe that that 30 percent would be populated in large measure by kids who are underprivileged and minority kids primarily.

And finally I want to straighten out the statement about victory being measured by money. What I intended to say, and I hope I said correctly, was that victory is not measured by money. To me, victory is only measured by student growth. Money is required in order to obtain student growth, but once we make sure that we have got a lot of money out there, that, to me, is insufficient in terms of meeting the goals that we seek. Students have to perform better, and right now students are not performing well, especially minority kids. In fact, all kids. Universities now have to remediate 30 percent of the students who they get right now from our public school system.

Mr. HASTINGS. Thank you very much.

Mr. Franks.

Mr. FRANKS. Thank you, Mr. Chairman.

You know, Mr. Secretary, it is always perfunctory to thank someone that comes before a panel like this, but I have had the wonderful privilege of following your good work in Houston and other

places, and I say to you with all of my heart that I just think that the children of this country are very blessed to have a man in the position that you are, with your acumen and your compassion and your commitment to each of them, and I truly mean that

As it happens, some of us have tried to expand upon some of the ideas that you had all across the country, and in my case in Arizona. We passed the Arizona scholarship tax credit that allows people to contribute to funds who give scholarships to children to go to the school of their parents' choice, and then the contributor gets a dollar-for-dollar reduction in their income taxes. And the reason that it has been able to enjoy such a strong bipartisan cohesiveness is because, by and large, the contributors are the upper income members of society and the recipients are overwhelmingly the low-income children.

Because one thing is sure, and your testimony has reflected this today, in a lot of the better schools that we have, sometimes those are under represented in terms of the impoverished or the minority children of this country, because wealthy families already have the ability to send their children anywhere they want, and it is time that we afford that same opportunity to the minority students, the impoverished students in this country. And in Arizona we now scholarship 21,000 children under that program. It is the largest school choice program in the Nation. And it has taken children who were just, forgive me, Mr. Secretary, to the system a little bottom in the chair and turned them into royalty, and that is something that I think should cause the blood of all of us to turn to fire, because I really believe that if we can empower parents to do what is best for their children, they will not only do what is right for their particular child, but it will cause the public schools, the schools that are the traditional schools to respond to that activity.

And if there is one thing that the No Child Left Behind Act, in my judgment, has done, is it has caused the schools to respond to some of these very, very real concerns. I just visited with the Under Secretary of Education just the other day about one of the schools in my district, and it was considered to be a great school, but because of your work they have responded and tried to make it better. And I would just encourage you in every way that I can to continue to incentivize, to encourage these States to do things like the scholarship tax credit, because it is working in Arizona, it is working in Florida, it is working in Pennsylvania now. And if there is anything that we can do to help empower parents, we nearly always do something good for the children.

I have done a lot of commentary here more than anything else, but you mentioned it was \$8,700 per student on a national average now. Our private schools that get these scholarships for children in Arizona are the most integrated schools in the State, and they do it for about a third of the money that you mentioned. Tell me what your reaction to that is.

Secretary PAIGE. I think that is a reality, and it is an awful reality, because it denies many children an opportunity to grow like they should grow. And it also, in my view, denies the public school system the right and the ability to innovate and to be creative. When the public school system is protected by the monopolistic tendencies and structures that we have in place now, it does not at

all promote creativity, accountability, and innovation. Where there is no consequence for substandard performance, no enterprise anywhere in the world can grow like that.

So my support of choice is not to move children from one place to the other, it is to provide the kind of environment where schools can grow. I think that choice is a necessary condition for effective school reform; any reform short of providing that kind of choice falls short. And, finally, my example would be, here in the District of Columbia, on the last NAEP for urban cities, the fourth grade reading scores for Anglo Americans were at the top of any city in the United States of America. In the same classrooms the reading scores for African Americans were 70 points lower. And when we looked at the eighth grade reading scores, there were not enough Anglo members to be measured; all of them had exercised the choice that we are trying to provide for our other students. We think that all parents should have the same kind of choice. No one should be tied or chained to a school that is not serving them well, simply because their financial means dictate that they don't have that power.

Mr. FRANKS. Well said, Mr. Secretary. And I just thank you for your commitment to future generations.

Mr. HASTINGS. Thank you, Mr. Franks.

Let me do a little bookkeeping here. I want to ask unanimous consent that all members be allowed 7 days to submit their questions for the witnesses or to put statements in the record. Without objection, so ordered.

Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman.

Secretary Paige, as a Texan, as a former resident of Harris County, I have deep respect for your lifelong commitment to education and helping the children of this country better themselves.

Let me just speak as a father, as a former legislator in the Texas Senate, and as a Member of Congress on what I think is happening in education. At the State level, frankly, I think legislators have been worshipping at the altar of tax cuts, tax cuts at all cost, to the point that what States now are doing is underfunding our public schools, from kindergarten through 12th grade, all the way through college education. As a consequence, more pressure is being put on local school districts and communities to fund education, and many of those are strapped and can't raise their property taxes or other taxes. So we are moving backwards, rather than forwards, in many areas.

Let me give you a specific example. I like hearing people say money isn't the answer to quality education. I agree. We must have accountability. But no one can explain to me as a father of a second grader in the northern Virginia school districts that because of the lack of funding at the State level in Virginia of education, that when my second grader's class was moved from 18 students to 27 students the first week of this school year, that those children in that classroom are going to get a better education.

Funding money is a necessary, but not sufficient, factor in ensuring a quality education, and I do want to point out that—not that the Secretary has said this exactly, but others have said it—it is a logical fallacy to then suggest that, therefore, money is not an im-

portant factor in improving the quality of our children's education. Try to hire a teacher without money. Try to hire a tutor without money. Try to run after-school programs without money. Try to fund Pell grants without money. We all know money alone isn't the guaranty of a quality education, but I hope no one gets away with the allegation and the logical fallacy that money isn't an important factor in trying to ensure, along with accountability, a quality education for all.

At the Federal level I think what is happening is that the administration and Republican leadership have, frankly, committed, in my opinion, themselves to irresponsible tax cuts, despite a war, despite the largest deficits in American history, and despite an economic slowdown. As a consequence, what we are doing at the Federal level is preaching No Child Left Behind with all good intentions, while in practice we are leaving millions of children behind. And I will commend the administration for some plus-ups in this budget, but despite the good intentions, I think the consequence of this budget, if it is not increased, will be that we will leave millions of our youth unable to afford a college education. Because it is simple mathematics; when tuition rates are going up 31 percent a year, as they are at Texas A&M University, Mr. Secretary, in your home State and mine, but Pell grants are locked in for the third year in a row, that means those low-income children are going to have a significantly larger gap that they cannot afford to pay, and many of them won't even try to go to college as a consequence. So we are leaving our youth behind there. By underfunding the No Child Left Behind Act by \$9.4 billion, we are leaving millions of children behind. They are getting larger class sizes, they are getting fewer tutors, they are getting fewer after-school programs than they otherwise should.

I am reminded—you know former Gov. Mark White, Mr. Secretary, and he told me a story about when he was running reelection and Bill Clements was opposing him, who later defeated Gov. White, supporters of the Governor came in and said, Governor, I want you to drown your opponent. You are a great Governor, I don't like your opponent, and I want you to drown him; here is a check. Gov. White looked at the check, looked at his friend, looked at the check again and handed the check back and said, "you know, friend, with checks like this I can hardly get their toes wet."

You know, I think we ought to rename No Child Left Behind Act. You are doing some good things. You are taking limited resources and doing the best you can with them, but we are not being honest if we suggest that this level of funding really is consistent with the commitment, not just the rhetoric, of "leaving no child behind." We are cutting in this budget \$379 million in present day services to military children of parents 17,000 of which from my district are presently fighting in Iraq. I appreciate some of the efforts the administration has made in this budget on Impact Aid, but it is an odd way to say thank you to our servicemen and women in Iraq that over the next 5 years we will cut Federal education funding for their children's education in real services by \$379 million.

Mr. Secretary, I know you will do the best you can with the budget you are given from OMB, and I respect that and I want to work with you on a bipartisan basis, but we are leaving, in all due

respect, millions of children behind by a worshiping of tax cuts at the expense of our children and our youth's education. Thank you, sir.

Secretary PAIGE. Thank you.

Mr. HASTINGS. Thank you.

Secretary Paige has to leave at 12:45, and I know there are a lot of members who want to ask questions, and I have been a bit lenient here. I am going to be a little more hardcore and I am going to ask unanimous consent that hereafter all questions be limited to 4 minutes, and I will gavel at 4 minutes. Is there any objection? Without objection.

Mr. Wicker.

Mr. WICKER. I guess it wouldn't have done me any good to object, but it sort of hurts my feelings that you begin to enforce that when it comes to my turn.

Mr. Secretary, my friend, Mr. Edwards, is happy to claim you as a fellow Texan, but we all know that it is those early years that form the real basis of a man, and you are a Mississippi native, a product of our public school system, so let me claim you doubly over and say how proud we are of you down there in Mississippi.

I would like to ask that we put up slide number 6, if we can, and just give you an opportunity to discuss this for the time that we can, Mr. Secretary.

What we see here is in spite of a lot of talk about cuts in education, we can see that that top line there represents increases in education funding over the last number of years, and it is a figure that we can be proud of. Now, you have said that victory is not in dollars, and I think we all agree with that, but we can do a lot if we spend our dollars wisely.

The truth of the matter is the Department of Education's discretionary budget has grown an average of 12 percent a year for the past 4 years. Title I has had a 12 percent growth rate for the past 4 years. Special education State grant funds have quadrupled and Pell grant funds are almost two and a half times what they were in 1996.

So while we would probably like to spend a little more, we have done pretty well on the spending side of it. And for my good friend from Georgia, I share his support for the TRIO programs. I met with a group of individuals from Rust College just last Friday, Mr. Secretary, and I can tell you that in a time of program elimination and a time when we are really asking each of us to look at budget cuts, they were pretty tickled that our increase of last year from \$827 million to \$832 million occurred and that we are committed in this administration to keeping that level of funding for the TRIO programs. There may be some movement around in some of those figures, but the level of funding was much welcomed in that community that certainly supports the TRIO programs.

Let me just give you an opportunity, though, Mr. Secretary, to ask you to comment on what we are going to do about this graphic, which indicates that while the increase in spending has been there, the scores have remained relatively level. What are our goals in the Federal Government to address the rather flat line in achievement as opposed to that pretty substantial increase in funding?

Secretary PAIGE. The chart before us represents NAEP reading scores for 9-year-old students. It shows, since 1984, the reading score as measured by NAEP is essentially the same now as it was in 1994. Now, this is notwithstanding the emphasis that the Federal Government has put on reading. Before Reading First, there was the Reading Excellence Act that was funded at about \$300 million a year, and there was a lot of activity about teaching how to teach reading. But we can see that it did not produce the kind of change in student reading ability that we are desirous of. But we can see that the funding continued to increase, and we continued to make the assumption that the reason the students are not reading better is that we are not spending enough money. So we tend to solve that problem through continued increases in funding.

Increases in funding are necessary, but they also, in many cases, masks the debate about the programmatic structures. Right now we are talking a lot about funding. I have heard no discussion at all about the mechanics or the pedagogy or the method that people are using to teach reading. The assumption is clearly embedded in our mentality that if we spend more, we will change the performance, and I am not sure that that is supported by the facts.

Mr. WICKER. Well, clearly something more than increased spending is necessary, as evidenced by that chart, Mr. Secretary.

Secretary PAIGE. Absolutely. That is the bottom line. Something more than spending is required.

Mr. WICKER. Thank you, sir.

Mr. HASTINGS. Thank you.

Mrs. CAPPS.

Mrs. CAPPS. Thank you, Mr. Chairman.

And thank you, Secretary Paige, for joining us today. Before I start my questions, may I please raise an issue with you that is very important to California? As you know, the Department of Education recently rejected all of the Fulbright scholarships from UC-Berkeley because of a problem with, of all things, FedEx.

Secretary PAIGE. I didn't hear the last word, problem of what?

Mrs. CAPPS. Pardon me?

Secretary PAIGE. I didn't hear what you said.

Mrs. CAPPS. Oh. The rejection of the applications for Fulbright scholarships from graduate students from the University of California at Berkeley because of a delivery or a pickup problem. And we are very concerned, of course, that students involved may be unfairly penalized for circumstances beyond their control. And I understand that yesterday the Fulbright oversight board did agree and made the decision to work with the University of California, and my bringing this up is to urge you, please, with the Department to work with the University of California so that a fair and equitable resolution would be the outcome to this situation.

Secretary PAIGE. Yes.

Mrs. CAPPS. Thank you. And speaking of higher education and graduate education, I noticed with great interest your discussion of No Child Left Behind as one of its goals being that all teachers will be fully qualified to teach by the year 2005-06. And, of course, this impacts college loans for these students to continue their education and become qualified teachers, and that is one of my concerns. And others have raised here the number of changes to the student loan

programs that result in a net cut of over \$2.3 billion over 10 years, compared with OMB's estimate of current law by freezing Pell grants and other issues.

But I want to ask you to respond on another part of No Child Left Behind, which is the mandate in Federal law to provide for Individuals with Disabilities Education Act, IDEA, and our Federal decision to fund our part of that at 40 percent of the cost to local school districts, and what happens when we don't meet our goal. That really is discrimination against both those students with disabilities and also, in fact, the general population or the regular school district that has to bear the cost, because special education is legally required. This administration is only providing half of what we said we would, as Federal legislators, when we enacted IDEA, that we promised we would do. And I am asking you does this administration support full funding of special education?

Secretary PAIGE. Yes. May I begin by just making a comment about the Berkeley situation, since you brought it up?

Mrs. CAPPS. Certainly.

Secretary PAIGE. Our responsibility is to make sure that we make fair judgments based on the regulations that are before us. The regulation required the applications to be in by a specific date. Several schools did not get their applications in by that date. We didn't see it as fair to take one big university who got their applications in later than the date and provide them some additional extra credits and to deny the other ones who were late that same ability. So we saw only one way to go about including Berkeley, and that was to open the whole thing up again and treat everybody the same. What we did, rather, was work with the University and others to find a way through private sources to support these students that we are completely willing to be helpful with. What we cannot do, though, is to show a preference for any university, whether it is a big one or a small one. They all must meet the standards. And, simply, Berkeley could have met the standard simply by getting it postmarked on that date.

Mrs. CAPPS. I understand.

Secretary PAIGE. Rather, they failed to do that. It was clearly a failing on the part of that institution, and what they are trying to do is shift the burden and say that we did something unfair or bureaucratic, and we clearly did not.

Back to the IDEA, the President is committed to increasing support for our local schools for our special education programs. It is true that at some point in our history a commitment was made to provide up to, as I read the legislative language, 40 percent of the average per pupil expenditure. We are now, with the President's proposal for 2005, we will reach 50 percent of that—it will be at about 20 percent.

But I think what is significant is that this represents the fourth \$1-billion increase requested by this President. That is \$4 billion of requests to move toward the 40 percent that you mentioned. To show how aggressive that is, you only have to look at what was done in the previous 8 years. And when you look at the previous 8 years, less than half of that, not even \$2 billion, was requested in the whole 8 years; whereas, we have had \$4 billion requested in just the three or 4 years that the President has been here.

So I think that it would be fair to say that this President is very committed to students with disabilities. In fact, when we say, "leave no child behind," we intentionally include students with disabilities most especially, because we believe they have greater needs than other students.

Mr. HASTINGS. Thank you very much.

Mr. Shays.

Mr. SHAYS. Thank you, Secretary Paige.

Secretary Paige, there has been a lot of criticism, but only in Washington, about "cuts" in No Child Left Behind. We have added 43 percent more for No Child Left Behind. Then I started thinking, maybe what we did was we took away from all these other education programs, and we did eliminate some, so I thought we must have cut the education budget and yet in the last 4 years, that has gone up 36.8 percent. Only in this place, when you spend 36 percent more money, almost 37 percent, do people call it a cut.

I will acknowledge one thing. We have had tax cuts, but we have had testimony before this committee that we would still have deficits with all the tax cuts. We would still have deficits. So sometime before we leave this place, I am going to hear people tell me where we cut spending, where they want to cut spending because I am only being criticized in this committee. In this committee, this majority seems to be only criticized for not spending more money. So thank you for advocating more education spending, thank you for spending 43 percent more on No Child Left Behind, thank you for increasing your budget 37 percent, and I know you would like it increased more.

The other thing I like is that you are realizing there are other ways that we can have impact. Let me ask you this. The other issue that I am interested in is the whole issue of grants for students. I have a daughter who is going to be applying for some, but what fascinates me is that I am beginning to wonder who gets the grants. Isn't it a fact that as we increase the Pell grant and increase other loans, the institutions just increase the cost of their tuition? Ultimately, who gets it? Is it the student, or is it the university?

Secretary PAIGE. I think that you hit on a very sensitive but important point. The cost of the university is clearly a factor. I have with me Mr. Jones. I am going to ask him to comment on that because he has paid particular attention to that point.

Mr. JONES. You are very right. The issue of what does a college education cost is one that universities and colleges simply cannot put a finger on. If they increase tuition, they don't demonstrate what you are gaining from those tuition gains: are there new services or are there new classes? What is being bought with that? So ultimately tuition is increased, so then students are put in the position of seeking more money or, and this is the other interesting part, the discounting that goes on—where universities have lower income students, they will offer grants or they will offer tuition discounts to individual students. That is where the difference is made up.

Mr. SHAYS. And then when they get an increase in the grant, they get less of a discount from the school?

Mr. JONES. Exactly.

Mr. SHAYS. So in the end, the student hasn't benefitted, it has been the institution that has, correct?

Mr. JONES. That is right.

Mr. SHAYS. Thank you very much.

Mr. HASTINGS. Mr. Secretary, I note the bewitching hour that you had mentioned to us has arrived. It is 12:45 p.m., and I know you had to get on the road, so I welcome you here and thank you very much for your testimony.

I would remind all members that patiently waited and we apologize you didn't get a chance to ask your questions but by unanimous consent earlier we allowed you to ask questions and it will be a part of the record.

Mr. Secretary, thank you very much for taking your time. Thank you very much for your full testimony on a variety of issues. This is the Budget Committee and we tend to focus more on the numbers but I think you have said very eloquently that learning and teaching is more than numbers and I thank you very much for your testimony. You are dismissed.

Secretary PAIGE. Thank you, Mr. Chairman.

[Additional questions for the record follows:]

QUESTIONS SUBMITTED FOR THE RECORD

SPECIAL EDUCATION FUNDING FOR LOCAL EDUCATIONAL AGENCIES

Mr. Nussle: Since 1996, the Republican Congress has quadrupled special education funding. But—at least in the schools in my district—it's not making it to the classroom.

How much of each year's IDEA increases would you say have gone directly to schools, and how much to the State education department?

Secretary Paige: The formula for distributing funds under the Special Education Grants to States program limits increases in funds that may be set aside at the State level from 1 year to the next to the lesser of the percentage increase in inflation or the percentage increase in each State's allocation. Funds not set aside at the State level must be distributed to local educational agencies. Because State allocations have grown much faster than inflation, funds available for local educational agencies represent an increasing share of the funds provided to States.

For example, for fiscal year 1996 at least 75 percent, or \$20 million, of the \$26.671 million provided to the State of Iowa was required to be passed through to local educational agencies. For fiscal year 2004, at least 90 percent, or \$97.195 million, of the \$107.669 million that we estimate will be allocated to Iowa must be passed through to local educational agencies. So, while the total grant for Iowa has grown by 304 percent (from \$26.671 million to \$107.669 million), the minimum amount that is required to be passed through to local educational agencies has grown by 386 percent (from \$20 million to \$97.195 million). Correspondingly, the amount that may be retained by the State educational agency has dropped from 25 percent of the State's allocation in 1996 to 10 percent of the State's allocation in 2004.

UNSPENT FEDERAL EDUCATION DOLLARS

Mr. Nussle: Many States appear to be flooded with education dollars, and unable to spend it all. They are actually returning some to Treasury. Why is this happening?

Secretary Paige: We believe that is a very fair question, which is why we decided to publicize the data on the very large amount of unspent Federal education dollars. As for the reasons why these dollars remain unspent, they are probably as varied as the 52 States and more than 14,000 school districts that receive Federal education funding. In some cases, States and localities have chosen to not spend the money until late in the grant cycle. In other cases, there may have been accounting errors that led local officials to overlook available Federal funds. In some cases, the funding may have been restricted to certain types of program activities that not all districts chose to implement. And in others it is possible that States were either slow to deliver funds or placed their own restrictions on how they could be used.

UNSPENT BALANCES OF FEDERAL FUNDS

Mr. Ryun: It's been recently reported that the States have sent back over \$5 billion in unspent Title I funds. Kansas sent back over \$8 million. My constituents—from teachers to school board members—are asking for more Federal funding and are unaware of these returned funds. If the States say they are desperate for education dollars, then why is this money not being spent; are the funding streams not flexible enough for the States?

Secretary Paige: This was a bigger problem prior to the No Child Left Behind Act, which eliminated or consolidated many categorical programs and provided new flexibility in spending Federal education dollars. Most Federal education dollars now flow through large, extremely flexible State grant programs. Title I, for example, is virtually a local block grant for the more than 25,000 schools that use Title I funds to operate schoolwide programs. And new flexibility permits States and school districts to transfer funding among four key State grant programs: Improving Teacher Quality State Grants, Educational Technology State Grants, State Grants for Innovative Programs, and Safe and Drug-Free Schools and Communities State Grants.

Mr. Ryun: Are States not able to fulfill the requirements tied to the funds?

Secretary Paige: I do not believe this is a significant reason for unspent balances, and as I just stated, the new flexibility provided by No Child Left Behind makes it even more unlikely that States or school districts would send money back because they can't find a way to use it.

PROVIDERS OF SUPPLEMENTAL EDUCATION SERVICES

Ms. Brown-Waite: Secretary Paige, as a fellow educator devoted to seeing each child obtain a quality education, I applaud you for your efforts and commitment to ensuring that the goals and spirit of No Child Left Behind become a reality. I have the utmost respect for you and all the work you have done in the realm of education. However, I have come across a newspaper article which highlights some disturbing information. This past Sunday, February 8, 2004, the Tampa Tribune printed an article with the headline "Quality of No-Child-Left-Behind Programs In Question." I would like to highlight a few excerpts from this article.

To begin, "At a tae kwon do center in Morris County, eight children who have been bussed from Patterson, practice martial arts, make instant pudding and play a game of telephone, whispering a word down the line. This, too, is deemed tutoring *** Taxpayers are funding all of this. The untrained college student is being paid \$25 an hour. The tae kwon do center gets \$1,550 per Saturday session it runs. The after-school program, which runs 7 months, takes in \$1,164 a child."

Upon further reading, you will come across an individual named Karen Helmstetter. According to the article, she abandoned her tutoring plans of mathematics and reading and substituted it for a lesson plan based on teaching about the human body and senses. The article quotes Ms. Helmstetter as saying, "Did the children come in knowing about their body system? No, that's how we are going to judge the success of the program." Ms. Helmstetter's curriculum and criteria for success lack any scientifically backed methods to gauge an appropriate rate of success. Given this fact, how does the Government monitor and measure the success of the various programs it funds?

Secretary Paige: The Tampa Tribune article you refer to, which originally appeared in the Bergen Record, looks at supplemental educational services providers in New Jersey. The location is important, because under the law it is the State educational agency, working with local school districts, that is mainly responsible for monitoring the effectiveness of such providers. More specifically, section 1116(e)(4)(D) of the Elementary and Secondary Education Act requires States to "develop, implement, and publicly report on standards and techniques for monitoring the quality and effectiveness of the services offered by approved providers," as well as procedures for withdrawing approval from providers that do not increase the academic proficiency of the students served.

If, and I must say I hope this is not the case, an approved provider is offering martial arts training rather than academic services, it is unlikely that the academic proficiency of the students it serves will improve sufficiently for it to remain on the list of State-approved providers. Moreover, while we do encourage States to approve a wide range of providers, in order to ensure that services are available for as many eligible students as need them, I would hope that no State would ever approve a provider that offers martial arts instruction in the first place.

Also, a school district is permitted to terminate services from a provider if the provider does not meet the achievement goals and timetable that are included in the agreement that must be arranged between the district and the provider for each student.

STANDARDS FOR SUPPLEMENTAL EDUCATIONAL SERVICES PROVIDERS

Ms. Brown-Waite: What are the standards used?

Secretary Paige: As I indicated earlier, the specific standards for monitoring providers are developed by States as part of their statutory role in maintaining a list of approved providers. The statute is clear, however, that the services must focus on academic enrichment, be based on research, and be both consistent with the instruction provided by the school district and aligned with State academic standards. In addition, providers must have a demonstrated record of effectiveness in improving academic achievement. These basic requirements should have prevented some of the providers described in the Tampa Tribune article from gaining State approval.

Ms. Brown-Waite: How did you arrive at those standards?

Secretary Paige: Again, it is the States that are responsible for developing standards and techniques for monitoring provider effectiveness. However, as indicated in Department guidance on supplemental educational services, those standards and techniques should be consistent with the initial, statutory criteria that States use to identify approved providers.

APPROVAL AND MONITORING OF EDUCATIONAL SERVICES PROVIDERS

Ms. Brown-Waite: In my opinion these programs do not accomplish the purpose of No Child Left Behind, nor do they work to truly educate children. My question to you is how do we, as a government, work to prevent programs such as the two I've mentioned from squandering precious tax dollars?

Secretary Paige: I believe the structure established by the statute, involving States and school districts in approving and monitoring the effectiveness of services, combined with the requirement that providers regularly notify parents of the progress their children are making, will ensure that poor quality providers are quickly weeded out and removed from the State-approved list. In addition, the Department's Office of Elementary and Secondary Education has restructured its Title I monitoring procedures to focus on determining whether States and school districts are properly carrying out the key requirements of the No Child Left Behind Act. When we visit States, we now look at such issues as whether they are implementing the supplemental service provider approval process as called for in the Act.

Ms. Brown-Waite: How do we make sure that programs committed to teaching kids how to read, write, and calculate math problems receive funding?

Secretary Paige: Under the statutory criteria that States are required to apply in identifying and approving supplemental educational service providers, those are the only programs that should be placed on the State-approved list of providers.

Ms. Brown-Waite: How do the programs like the two I've mentioned receive funding?

Secretary Paige: It is possible, particularly at this early stage of implementing the law, that there were problems in the State approval process, and that the statutory criteria for providers were not properly applied. It is also possible that the providers in question misrepresented the nature of their programs during the application process.

Ms. Brown-Waite: Does this problem exist due to a flaw in the qualification requirement for programs to receive funding?

Secretary Paige: No, I believe the statutory and regulatory requirements for approving and monitoring supplemental educational service providers are adequate, and that if States and school districts comply with these requirements it will be very difficult, if not impossible, for non-academic providers to receive funding.

STANDARDS FOR SUPPLEMENTAL EDUCATIONAL SERVICES PROVIDERS

Ms. Brown-Waite: What are the standards used?

Secretary Paige: As I stated earlier, the statute requires services to be focused on academic enrichment, based on research, consistent with the instruction provided by the school district, and aligned with State academic standards. Providers also must have a demonstrated record of effectiveness in improving academic achievement.

REMOVAL OF INEFFECTIVE PROVIDERS OF SUPPLEMENTAL EDUCATIONAL SERVICES

Ms. Brown-Waite: What steps are being taken to prevent further waste of tax dollars?

Secretary Paige: Under the law, it is up to States and school districts to take any measures that may be necessary to remove ineffective or fraudulent providers from the program. In addition, as I mentioned earlier, as we monitor State imple-

mentation of Title I, we will examine State implementation of supplemental services requirements.

PROGRAM ELIMINATIONS IN THE 2005 BUDGET AND NCLB FUNDING

Ms. Majette: I am concerned that the President's budget doesn't include enough funding for educators in my State to meet the needs of our children—I am specifically referring to meeting the requirements of No Child Left Behind. It costs money to provide tutoring and transportation and teacher training. The Republican State School Superintendent in Georgia, Kathy Cox, recently admitted that she was concerned Georgia's education budget would not be sufficient to meet the needs of our children. I am sure that you share my commitment to ensuring that all teachers have excellent training and that their expertise is translated into an excellent learning experience for our children. In your Departmental budget summary, you attempt to justify eliminating 38 programs as an effort to focus on NCLB. I cannot understand the logic of cutting the \$1.4 billion currently spent on these education programs and replacing them with only \$1 billion more in NCLB spending. Using the Department's formula, we would actually be spending less on elementary school children. How do you explain and justify that?

Secretary Paige: It is true that we are proposing to eliminate 38 categorical programs totaling \$1.4 billion, primarily to consolidate this funding into larger, more flexible, easier-to-administer State grant programs. It is not true, however, that we are proposing to spend less on No Child Left Behind, or less on elementary school children.

The President's budget would provide \$24.8 billion for No Child Left Behind, an increase of nearly \$463 million over the 2004 level. If you include funds for Special Education and other programs, total spending on elementary and secondary education would grow to \$38.7 billion, an increase of \$1.1 billion over the 2004 appropriation for these programs. These totals include \$179 million in one-time congressional earmarks for specific projects, added as part of the 2004 appropriation. Without the one-time earmarks in 2004, the increase for elementary and secondary authorized programs is actually \$1.3 billion over the 2004 appropriation.

NATIONAL SCIENCE FOUNDATION AND DEPARTMENT OF EDUCATION—MATHEMATICS AND SCIENCE PARTNERSHIPS PROGRAMS

Ms. Majette: Mr. Secretary, improving math and science education in our public schools is critical. The House of Representatives recognized this need when we voted 417 to 7 to increase loan forgiveness for highly qualified math and science teachers. Unfortunately, the President's budget doesn't sufficiently recognize this need. Instead, there is a shell game that only appears to increase math and science funding. While the Math and Science Partnerships within your Department would increase by \$120 million, you propose phasing out the program by the same name within the National Science Foundation, which was funded at \$134 million dollars. Therefore, this budget actually proposes a decrease in Math and Science Partnerships.

In addition, while these programs share the same name, they are not identical. The Department of Education's Math and Science Partnerships provide grants to local schools, often in the neediest districts, to implement new and improved math and science curriculum. The program by the same name within the National Science Foundation provides peer-reviewed grants to create innovative new methods of teaching these subjects. These programs are not duplicative, but instead are highly complementary. Mr. Secretary, in this era of accountability, please explain the President's decision to eliminate the peer reviewed program within NSF that helps develop the tools that your Department implements nationally.

Secretary Paige: The Administration believes that it is now time to apply research findings in the classroom and that the Department of Education, which works extensively with States and school districts, is well prepared to assume that responsibility. Thus, for fiscal year 2005, the Administration is requesting \$269.1 million for the Department of Education's Mathematics and Science Partnerships program, a \$120 million (80.5 percent) increase over 2004. Of this amount, \$149.1 million would be awarded to States by formula to continue State subgrants initiated in fiscal years 2003 and 2004, and the entire proposed increase of \$120 million would support a new program of direct Federal competitive grants to partnerships to increase learning in mathematics for secondary students.

The new 3-year competitive grants are part of President Bush's Jobs for the 21st Century initiative, which reflects the President's understanding of the challenges faced by young people in preparing for future careers, and his determination to help them get the skills and training they need to compete successfully in today's changing economy. These grants would support projects that have significant potential to

accelerate the mathematics learning of all secondary students, but especially low-achieving students, and would focus on ensuring that States and LEAs implement federally supported professional development projects for mathematics teachers that are strongly grounded in research and that help mathematics teachers to become highly qualified.

NET BUDGET INCREASE FOR FEDERALLY FUNDED MATHEMATICS AND SCIENCE
PARTNERSHIPS PROGRAMS

The increase for the Department's portion of the program would represent a net increase overall for the two Mathematics and Science Partnerships programs of \$61 million for fiscal year 2005. This initiative would absorb funding for similar teacher training activities for mathematics teachers currently provided by the National Science Foundation (NSF). In fiscal year 2005, the Administration is requesting \$80 million for NSF's Mathematics and Science Partnerships program, approximately \$59 million less than the fiscal year 2004 appropriation. This decrease would begin the process of phasing out the NSF program, while continuing support for out-year commitments for awards made in the first and second grants competitions, data collection, and program evaluation.

Mr. HASTINGS. I want to remind members that we have another panel coming, so I would invite you to stick around for that.

I was just advised that our colleague from California, Mr. Miller, will not be here, so I would like to call the next witness if she is here, Lisa Graham Keegan, to please come forward.

Mr. SPRATT. Mr. Chairman, while she is coming, I would like to request unanimous consent that the statement and testimony that Mr. Miller would have given be entered in the record.

Mr. HASTINGS. Without objection, so ordered.

[The prepared statement of Mr. Miller follows:]

PREPARED STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Good morning, Chairman Nussle, Ranking Member Spratt, thank you for the opportunity to testify on the Bush administration's fiscal year 2005 Education budget. This is the fourth budget sent to Congress by the Bush administration. Like the three Bush budgets that preceded it, this budget demonstrates that this administration does not view education as a priority.

If this Bush budget were enacted into law, it would amount to the smallest increase in education funding in 9 years. In addition, it eliminates 38 education programs, reducing the Federal investment in education by \$1.4 billion. We need to invest in our education system—to close the achievement gap, and to ensure access to a college education for all eligible students. President Bush's budget fails on both accounts.

The Bush budget continues to renege on the commitment to fully fund the No Child Left Behind Act. This year the Bush budget underfunds the No Child Left Behind Act by \$9.4 billion. As part of this shortfall, the Bush budget underfunds the 21st Century Community Learning Centers program by \$1 billion, eliminating afterschool programs for over 1.3 million children. The Title I program is underfunded by \$7.2 billion. The Bush budget leaves nearly 5 million disadvantaged children without extra academic help and services. Cumulatively, President Bush and the Republican Congress have underfunded NCLB by \$27 billion since its enactment.

NCLB placed new challenges on our schools and teachers—challenges it is important that our educators meet: eliminating the achievement gap between poor and minority students and other students; improving accountability; upgrading teacher quality. Our communities are working hard to live up to their end of the bargain. When are the Bush administration and Congress going to live up to theirs?

Instead, we have radical, unjustified and unnecessary cuts in proven, effective education programs. Among these programs are initiatives to reduce alcohol use by teenagers, to ensure elementary school children have enough counselors, to reduce the number of students who drop out of school, and to provide family literacy programs to allow parents to be a greater part of their child's education.

Let's take one example: Even Start's support of family literacy programs. These initiatives have long enjoyed bipartisan support. Secretary of Homeland Security, Tom Ridge, when he was the Governor of Pennsylvania, called family literacy "a

dramatic investment” in the future of young Americans that will allow “parents and children [to] learn and succeed together.”

Similarly, First Lady Laura Bush has expressed her support for family literacy programs, saying: “Family literacy programs *** work on the front lines of the battle against illiteracy.”

But the Bush budget would eliminate family literacy programs across the nation.

Equally alarming is the lack of investment in our higher education programs. President Bush’s budget fails to make college more affordable because it fails to address rising college costs, the declining buying power of college grants, or the rising debt carried by college students. As parents and students alike watch the cost of attending college rise by historic levels, the Bush administration provides no relief and no support.

Instead, President Bush once again has proposed freezing the size of the maximum Pell grant.

The Bush administration has thrown around rhetoric that they have increased funding in this program by billions. Its just that—rhetoric. The fiscal year 2005 Bush budget marks the third year in a row that the maximum Pell grant would remain at \$4,050.

This freeze comes at a time when rapidly rising college costs have negatively impacted the ability of low and middle-income students to go to college. In fact, the National Center for Public Policy and Higher Education has estimated that 250,000 students were shut out of college opportunities this school year due to rising college costs.

President Bush has yet to make good on his 2000 campaign promise to make college more affordable by increasing the maximum Pell grant for college freshman to \$5,100, even though the grant is now worth \$500 less than the maximum grant in 1975–76, adjusted for inflation, nearly 30 years ago!

The Bush budget also forces a tax on college loans that would charge students an additional \$4 billion over the next 10 years by requiring lenders to collect a 1 percent insurance fee when students take out their college loans. Currently, lenders have the option not to charge students this fee.

The Bush budget also cuts \$316 million of vocational education funding—again. Federal vocational education programs have strong bipartisan support, as demonstrated by congressional rejection of past efforts by the Bush administration to cut these programs. President Bush has proposed a new job training initiative for community colleges in his Labor Department Budget. This proposal masks the real record of Bush administration support for community colleges.

Since President Bush took office, he has proposed over \$1.8 billion in cuts to vocational education and job training programs for community colleges. These cuts would have had devastating effects, denying training and educational opportunities to thousands of students.

The Bush budget does propose yet another \$1-billion increase for special education, as in prior years. However, at this rate of increase, we will never reach IDEA full funding, which we promised the nation’s school districts over 28 years ago. The Bush administration dismisses the bipartisan support for reaching full funding, as illustrated in the letter being circulated by Congressman Bass and other Republican Members in support of a \$2.5 billion increase in IDEA funding in fiscal year 2005.

Lastly, I want to express my disappointment that Secretary Paige’s Department of Education continues to use Enron accounting procedures to distort the real record on education funding. Secretary Paige responds to charges about underfunding of education programs by asserting that states have over \$5.7 billion in unspent funds from the past 3 fiscal years. He also claims that states have enough funding to comply with No Child Left Behind and IDEA. These claims are nothing but smoke and mirrors.

As the Secretary knows full well, the Department is counting as unexpended funds billions of dollars in resources that the states have already designated for renovation of schools, teacher salaries and the purchase of testing system and curriculum. In fact, the administration has provided us documentation that States are expending their funds at a rate faster than expected by the Department.

Very simply, these funds aren’t “unspent,” and the Secretary knows it. Go to your school board members, schools and teachers. Ask them if they have the resources they need. Ask them if they have enough funding to meet the requirements of the No Child Left Behind Act, or IDEA. You will get a dose of reality. With State budgets continuing to be slashed, you will find the need even greater than past years.

Mr. Chairman, this committee is faced with an issue of priorities. We cannot continue to ignore the funding needs of our K–12 and postsecondary education systems. This budget submitted by the Bush administration prioritizes tax cuts for the wealthy over education funding for the disadvantaged for the third year in a row.

It is not enough to proclaim yourself the “education President.” You need to provide leadership and make the decisions that strengthen our schools, eliminate the achievement gap, and make college affordable to all.

The administration’s Budget fails our students, our teachers, our schools, and our communities. They look to us for support, and they get smoke and mirror budgets and photo ops in classrooms. We must do better for our children and our future.

Mr. HASTINGS. Ms. Keegan, if you are ready, we are ready. We would like to welcome you to the Budget Committee as we pursue trying to build a blueprint for spending of Federal dollars in a variety of areas. We are working on the education budget today or at least having a hearing on that. We welcome you and you are recognized.

**STATEMENT OF LISA GRAHAM KEEGAN, CEO, EDUCATION
LEADERS COUNCIL**

Ms. KEEGAN. Mr. Chairman, thank you very much. I appreciate the opportunity to share some information with you.

I represent the Education Leaders Council which is an organization of State policymakers in education who have supported the tenets behind No Child Left Behind and in fact, have enacted them in their States long before the Congress restated the importance of this endeavor.

Secretary Paige said in his comments that he thought No Child Left Behind was just a logical follow on to Brown v. the Board of Education. We feel the same way. We feel it is a civil right of students to be able to expect that the expectation of them will be equally as high regardless of where they are going to school.

We think unfortunately it can be demonstrated that is not the case in American schools right now and that the best remedy for that is to know where all students are, to have a great picture that the public can use about their performance against the standards that a State sets for their children, and given that information, we can take action but we can’t take action without it.

I think what makes me most nervous is listening to talk that says this is just an overreach, this is just something that is a Federal mandate. If not this answer, what answer for a situation where we can predict in American schools who will fail by race and by wealth? It has to be a national answer. Unfortunately this looks remarkably the same in every State as far as which students are making it and which students are not.

When the Congress got behind No Child Left Behind and passed in a bipartisan way the tenets, we were delighted because it backed up the work in the States that was ongoing for which there was a great deal of pushback as members know. We thought at the Council it would be incredibly valuable for the Congress to know exactly what the hard costs in the States of implementing No Child Left Behind are. There has been much discussion today about authorizations and appropriations, and so forth, and it seems to us the questions are fairly clear. What costs did No Child Left Behind as a new law bring to the States and how much money was appropriated? We delivered to your offices yesterday the result of that question we asked called, “No Child Left Behind Under A Microscope.” That study determines conclusively that there is more money given to States each year than is necessary for the imple-

mentation of all of the new requirements under No Child Left Behind by a figure that increases annually.

I would refer you to the report itself to take a look at it and we would be happy to be contacted specifically about questions and so forth but let me just give some actual numbers. No Child Left Behind asks for specific action in four areas: accountability, meaning adequate yearly progress; assessing students in every grade, every year—a new cost because States up to that time had merely been required after the 1994 Act to test in a couple of different grades. In 2000, it was every child every year and there is an additional cost for assessment.

The second issue was personnel. This is where rightfully most of the money is dedicated by the Congress. The actual costs for personnel are about \$1.1 billion, they were in 2002 and 2003 years. They were about \$2.5 billion in 2003 and 2004. They are projected to be at about \$4 billion in 2005.

The actual appropriations for those, if you look at the study, exceed the total amounts. If you add the accountability and personnel, and in addition to that, the data system that has to give you information about the data that is collected and then school improvement, all of those things together create actual costs that are met by the appropriations in No Child Left Behind and then there is a surplus of about \$1.5 billion that can be used and is mentioned in regulation for general school improvements in whichever way the State feels that it needs.

We believe it is so important to talk about actual costs and what is actually being required in No Child Left Behind because if we don't do that, we allow a very vague notion that somehow there is a Federal mandate being enacted upon States that never existed before and it is costing more money than we are being given. That is clearly not true.

It is also true in a bigger sense that this was our work to begin with, that we believe it is our work that all students are taught in such a way that they meet the standards of the State. That ought not be a new requirement. It has merely been restated in No Child Left Behind. In fact, in 1994, when the ESEA was reauthorized, all States were required to list all of the schools in their State that were failing by their assessment measures. Most of them did not do that. In my office we call, "No Child Left Behind, No Child Left Behind, No, Really" because it had been said in 1994.

I would have the privilege of being the State Chief in Arizona in 1995 and we struggled to get those numbers out. It was very important. We showed up with one-third of our schools where we could tell there were children, at least groups of children, that were failing, even failing in a school that looked like it was making tremendous progress.

Secretary Paige refers often, and is a great inspiration to everybody who is working behind him on this, to the Civil Rights Act. When the Nation decided that unfortunately in order to offer everybody opportunities, we had to write that down and get it right for all citizens of the country, nobody suggested a percentage. How about 70 percent, we give rights to 70 percent. It wouldn't even have been thought of. Nor should it be the case in American schools that what we do is simply say, give us an average of who

is getting an equal opportunity and we will go with 60, 70. The point is all children.

It is difficult work, it is expensive work. It is work that has required the huge increases of funding that the Congress has made and they have been larger than anything the States have seen for quite some time. I believe—I know that there is a difference sense in the country. This has made a difference. It is worth the investment that is being made and the investment that is being made is sufficient to meet the cost.

Mr. Chairman, I would be happy to answer any questions.
[The prepared statement of Ms. Keegan follows:]

PREPARED STATEMENT OF LISA GRAHAM KEEGAN, CHIEF EXECUTIVE OFFICER,
EDUCATION LEADERS COUNCIL

Good morning, Chairman Nussle and members of the committee. It is my pleasure to appear before you today to discuss President Bush's 2005 Budget Request for the Department of Education. My name is Lisa Graham Keegan, and I am CEO of Education Leaders Council, a member-based organization of education reformers, and the only organization that is presently leading an in-the-classroom effort to implement the policies of No Child Left behind (NCLB).

We believe very strongly in NCLB—but then, our members have been supporters of its policies since long before the bill was even in its earliest drafting stage. The policies embodied in NCLB have been the policies of our members—from school board members to state chiefs to Governors—for nearly a decade. As members of this committee, you've likely heard warnings that the policies of NCLB are underfunded—or worse, to those of us with a federalist bent, an “unfunded mandate.” As an organization of practicing educators who have actually been putting the policies on NCLB into place for years, we at ELC believe we can give you a unique, credible perspective on how much money it really takes to turn the ideals embodied by the law into active practice. I think our answer will surprise you.

I was also so pleased to have the opportunity to hear Secretary Paige's comments, because I think he's got it exactly right. NCLB is more than a program—it's a right. And I do not think it is an overstatement to say that NCLB is the heir to *Brown v. Board of Education*, as the Secretary has often said. NCLB is providing students in the United States with a new civil right—the right to an educational system that makes the same academic demands—and provides the same academic opportunities—for all students, regardless of their race or socioeconomic status. It does not allow for one set of standards for one set of children, and a different set of standards for another.

Really, much of what is in NCLB isn't that new at all—you did much of it in 1994 with the Improving America's Schools Act (IASA). Though the term AYP was still about 6 years off, IASA was very similar to NCLB, in that it asked states to ensure that all students were all making academic progress. But the 1994 act lacked the sunlight and teeth that you have put into NCLB. You gave the states some very real goals to meet. They can't claim academic progress based on averages—they have to look at all children. They must report data. They must ensure teachers are adequately trained. They must make sure parents know how their children are doing.

What does all this have to do with the job of this committee? I want you to put the budget numbers before you in perspective of what it is you're trying to do with the money you're allocating. The Civil Rights Act became law in 1964. We don't hear people complaining that it's an unfunded mandate, and therefore we can only give equal rights to 70 percent of the people because the government isn't adequately funding this “mandate.” Nor do we hear people argue that the government is meddling in the affairs of states by insisting that anyone—regardless of race or color—be allowed to vote or ride at the front of a bus. The same is true of NCLB. You have no reason to apologize for insisting that all children—not just some—receive a quality education. It's their right.

But then, what of the claim of “unfunded mandate?” ELC, in conjunction with AccountabilityWorks, recently completed a study of those claims and found them to be without base. Specifically, we examined what NCLB requires states to do—things that weren't already in the 1994 law—and looked at how much these new activities cost and whether the resources had been appropriated to meet these new costs. What we learned may astonish you. Not only has the Congress provided the states

with sufficient resources, but, in fact, you may also have provided them with more than enough.

For our study, we looked at the four new activities specifically required by NCLB: the costs of new accountability requirements, including new testing requirements; the costs of meeting the requirement for “highly qualified” teachers; the costs associated with information management, such as those needed to disaggregate student data; and the costs associated with school improvement, such as school improvement plans and choice initiatives. For these activities, we looked at what we called the “hard costs”—those that have a necessary fiscal impact on states and local education agencies—associated with each of these new requirements.

For all activities, we found existing funding to be sufficient and, in many cases, there was still plenty of money left over—anywhere from \$785 million anticipated in the 2004–05 school year to approximately \$5 billion in the 2007–08 school year. These remaining funds are then available to states for general school improvement—offering the flexibility that some detractors have said the law does not provide.

We also thought it might be helpful if we reviewed a number of other cost studies of NCLB that many of you have received and which have concluded that NCLB is “underfunded.” We looked carefully at studies by the New Hampshire School Administrators, the Democratic Congressional Study, the General Accounting Office, and other state studies of “educational adequacy.” In each case, we noted flaws or limitations that led to questionable conclusions. Some, for example, had relied on costly assumptions rather than more innovative approaches. Others had lumped in costs not associated with specific requirements under NCLB in determining the costs of compliance. In our cost study, we describe the flawed methodology or assumptions that have led to questionable conclusions.

What do I hope you and your committee will take away from this cost study, Mr. Chairman? If anything, it’s the realization that the “unfunded mandate” argument is a straw man—a specter invoked by the status quo in hopes of frightening you into questioning your own commitment to not only the funding, but also the philosophy, of NCLB.

Don’t be fooled, Mr. Chairman—the Congress and the administration have backed up their promises. Sufficient resources have been provided for states to implement the policies you’ve enacted. Funding is not the sole obstacle standing in the way of providing all students with the right to a quality education. The issues that plague education reform lie beyond dollar for dollar comparisons to larger questions about what works best for students—not the system. As a nation, we need to dismiss our allegiance to antiquated systems, welcoming new ideas and initiatives based on proven results for students. NCLB offers the right incentive and we can wait no longer to capitalize on its improvements.

Thank you for the opportunity to address the committee. I look forward to responding to any questions you may have.

Mr. HASTINGS. Ms. Keegan, thank you very much for your testimony.

I have spent a great deal of my time since No Child Is Left Behind, particularly in the last 6 months, traveling around to school districts in my district and my district in Washington State is essentially a rural district, and in some cases, is a heavily minority population, a Hispanic population. One thing I hear from those administrators and teachers, I try to meet with all of them together, is a bit of frustration coming from the testing aspect. What I point out to them is in our State we have had a State test prior to No Child Left Behind. If there is an issue with the testing, the issue is with the State legislature. The Department here has adopted or allowed Washington State to adopt that as testing and they acknowledge that. So they are working with the Superintendent of Public Instruction on some of those tests. I think the legislature this year has made some modifications to bring it up to date.

One other train of thought goes through those discussions I have had with those educators and that is that it has raised the level of accountability, not in a negative way but in fact everybody

should work a bit harder, be a bit more focused because truly no child should be left behind.

I suppose as with any new program, you are going to have those fits and starts and there will be some glitches. We will acknowledge those things and will probably have to address them. It wasn't brought out but I was talking to Secretary Paige beforehand and he said they are working on some regulations to maybe modify some of the things. I think that is a normal reaction when you pass something as sweeping as what we did with No Child Left Behind.

I appreciate your testimony. There is I guess just a little wariness, mainly because K-12 education has historically been the responsibility of the States and now all of a sudden the accountability aspect is coming from the Federal Government. I remember one school district that is heavily a minority. They said, we had this goal way beforehand that no child should be left behind, this just raised the issue. So I was very pleased to have heard that.

If you would like to comment on anything I have said, that is fine.

Ms. KEEGAN. If I may, Mr. Chairman, just to reiterate in our work with the U.S. Department, they have been incredibly flexible with States and have taken the State program. It is sort of a little repeated fact that standards are set by the States, the testing program is determined by the State, the pass rate is determined by the State. The State merely has an obligation to disclose all categories. I think we have all learned a lot.

As data has come out, we are getting two sets of data, one according to Federal regulations sometimes and one according to the State. Our feeling is fine, just let that information come and at that point we will be able to sort it but without the information, we don't know where these children are. So it is awkward in the first years. There is no question. It does put a great deal of stress on teachers and in schools. We do work on about 400 schools specifically on this issue of implementing No Child Left Behind. Those schools are trying very hard. It is a change in culture but it is the right one, but it will be difficult.

Mr. HASTINGS. Thank you very much.

Mr. Spratt.

Mr. SPRATT. I was interested in the group you represent. I can't tell from the title if your organization is individual school districts or State superintendents of Education. Who are your constituents?

Ms. KEEGAN. Our original organization was State Schools Chiefs and State Board Members. We also have people who are just interested generally in reform and we serve State board members, Governors offices, anybody who is interested in reform who contacts us, we work with them.

Mr. SPRATT. The reason I am asking is that all of my school districts, and I have some very earnest, able educators in my district struggling mightily to make the educational system work and to make public education achieve its promise. All of them feel this whole No Child Left Behind program has been, as I said earlier, a gigantic bait and switch. They have been lured into it and many of them supported it because they are for accountability, they believe they need to be challenged to higher levels of achievement, but at the same time it was represented to them that they could

work with these standards and two, there would be additional funding and the authorization levels of the bill that was signed with such a claim certainly would give one grounds for believing that more money was coming in return for more accountability.

I am just curious as to why your constituents don't apparently feel the same way.

Ms. KEEGAN. There is a letter I would be happy to deliver to you from a number of superintendents around the country that was put out by the education trust, mostly minority superintendents saying that No Child Left Behind needed to be in place, that it was the right thing, that yes, it was difficult work but they thought it was the right work.

Mr. SPRATT. I understand. My superintendents say the same thing but they also believe they were promised funding adequate to the new task and obligations imposed upon them.

Ms. KEEGAN. I would love to try to help whoever contacted you or through us and ask them what the actual expenditure they are trying to make is and why the cost is exceeding the money that is available to them. We have done some of that work and would be happy to answer that question.

Mr. SPRATT. OK.

Mr. HASTINGS. Mr. Wicker.

Mr. WICKER. Thank you very much, Mr. Chairman. Thank you for your testimony, Ms. Keegan.

Let me see if we can follow up on some of the things the Secretary said earlier in his testimony. I asked these questions today in response to a meeting I had with one of my school superintendents just yesterday about the No Child Left Behind Act.

The Secretary says the act is positive, it is not negative in terms of the report card that is required, that there is nothing in the report card about failing schools and yet, while acknowledging that, a superintendent that I spoke to yesterday said that it comes across in the newspaper as schools that have failed. I just wondered if you have a solution for us at the legislative level to that because I think in terms of the semantics, the Secretary is right and also the superintendents are right. When the message gets to the public, they hear that the school has failed when it may have passed with flying colors in many areas and only has room for specified improvement in a few areas. Could you comment on that?

Ms. KEEGAN. I think you are right, that they are both right. It is difficult. How do you say well, the school succeeded but a portion of its students failed to make adequate yearly progress? Those two things can no longer sort of exist. What we have determined is that if groups of children are routinely failing in a school to make progress, they are failing to meet standards, then the school itself is determined to be in need of improvement. I believe that information by itself incentivizes people to action. I don't know how you get people to change their behavior without pointing out that the behavior they have been engaging in is not sufficient. You don't do that by congratulating somebody for it, so it is difficult. There is no question. Were there not that sort of public scrutiny, I don't think you could expect much change.

Mr. WICKER. So we will await a formal suggestion perhaps from your organization is you do have a suggestion about how we might

address that legislatively. Perhaps there is no way to do it. I think you have certainly made a correct statement.

Another thing the superintendent told me yesterday was that he was still very much interested in meeting the challenges of Goals 2000, the first of which was that every child would report to the first grade ready to learn and that we have not gotten anywhere near that goal here in the year 2004.

What does No Child Left Behind as an act say about that concept, whether we call it something else or not? What sort of job do you think we are doing nationally in making sure that every child reports to school ready to learn?

Ms. KEEGAN. No Child Left Behind is geared, as you know, basically between grades three and eight. The larger act and other acts like the Head Start Program and so forth where we have begun to focus quite mightily on academic preparedness rather than some of the less academic pursuits that were going on in pre-school. I should say less academic preparation.

Mr. WICKER. You are not saying, and I hate to interrupt but we are limited, that there was an abandonment though of that concept of getting to school ready to learn when we passed No Child Left Behind?

Ms. KEEGAN. No, sir, not in the least. I believe the Head Start and the pre-school programs have been strengthened right along at the same time. What I was trying to say is that there has been an insistence now that those programs focus themselves on school readiness rather than just play or child care. That has happened at the same time and those investments have been made. I think those are appropriate.

Mr. WICKER. How are we doing?

Ms. KEEGAN. I would say it is harder to tell because we don't routinely test children as they come into school and we don't have that kind of data. I will tell you my biggest concern remains that in third grade the kids are looking fairly strong and they begin to drop off. So we can do as well as we want in pre-school but if we lose the kids between the third and the fifth grade and they start to go south, what you did to get them ready in pre-school will not matter. We have to continue to challenge them through the middle school years as well, middle school being our biggest academic dropoff in the country.

Mr. WICKER. I would be very interested, Mr. Chairman, in receiving some information in writing from the witness as to any correlation between those who begin to drop off after the third grade and what sort of kindergarten and pre-kindergarten education those students have had.

Ms. KEEGAN. The studies have been done. I will do that.

Mr. WICKER. Thank you. Thank you for indulging me, Mr. Chairman.

Mr. HASTINGS. Thank you.

Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

Ms. Keegan, I would like to see those studies too. I think that is a very critical area.

We heard questions earlier on Pell grants. Have studies been done about whether or not a student from a low income family can

reasonably be expected to attend college particularly a private college at this time, questions on affordability? I have seen studies that say half the low income students qualified to go to college can't go because they can't afford it.

Ms. KEEGAN. I would have to look for that number since we deal primarily at K-12 but those are certainly available. I would be happy to get them to you.

Mr. SCOTT. When we did No Child Left Behind, part of the challenge with annual, yearly progress was to deal with dropouts because if people drop out, they are presumably toward the bottom of the scale and would have the perverse effect of increasing your average if you had a high dropout rate. If you had a dropout prevention program keeping those students in school, it would make your average look worse.

Can you tell me what your studies have shown about how we incorporate the dropout rate and avoid that kind of perverse incentive?

Ms. KEEGAN. I can tell you that I know more about this personally than we as an organization just because we haven't undertaken it. I think one of the most difficult things to deal with is that State funding systems ordinarily fund students through only a particular day, so they may have 180 academic days but they will stop funding after an account is made on the 100th day. That combined with high stakes assessment can in fact be a fairly lethal combination for somebody who is potentially going to drop out. It is an unfortunate fact that in many States you can count the huge increase in dropout programs that happens on about the 110th day meaning that the schools have allowed some kids to go ahead and drop out or suddenly encouraged them to drop out after they have been paid for the child that year. Those are simply, unfortunately facts of State school finance systems. I believe those incentives ought to be turned around. They could only be turned around by the State, however.

Mr. SCOTT. Have you reviewed the budget in terms of juvenile delinquency prevention programs?

Ms. KEEGAN. I have not taken a review of that.

Mr. SCOTT. We know it is important, as you have indicated, that children who cannot read by the third grade are on track to disaster. Have you reviewed the budget to determine what we have done to guarantee that children can read by the third grade?

Ms. KEEGAN. The Congress, as part of No Child Left Behind and in the reading acts that have been such a strong part of that, I think are making every possible emphasis on reading for children. Most States have an initiative going on reading, many of them have those initiatives going prior to No Child Left Behind, has merely been strengthened and further investments made in those programs.

Mr. SCOTT. It is my understanding that some reading programs have been increased but family literacy programs have been decreased almost in identical amount so that the overall focus on reading for early childhood is a net wash. Are you familiar with the budget numbers?

Ms. KEEGAN. Not with that number. My understanding for reading first is that the numbers have continued to increase but I will go back and check them.

Mr. SCOTT. Without getting into numbers, I think I understand your testimony to be that it is extremely important that we focus on children's ability to read by the third grade?

Ms. KEEGAN. Yes, sir.

Mr. SCOTT. Has there been enough research to let people know how to educate children, particularly in urban areas? Urban areas and some rural areas have a very poor outcome. Comments have been made about the Washington, DC area. Has enough research been done so that we would know what methodologies work better than others or is more research needed?

Ms. KEEGAN. I believe we know and I believe more research is always needed. We are in the business of educating kids and there are new technologies available all the time but I believe we know that one must have solid standards you are reaching for, a direct and explicit instruction to children, a diagnostic about how those children do, where they started, where they went after you taught them, then an intervention again and you complete that cycle over and over again. I think we do know and there have been studies repeatedly that have said with those specific activities, children will learn. It gets easier with a lot of the technology that is out there to do that. Unfortunately in many instances, we simply haven't done it.

Mr. SCOTT. Thank you, Mr. Chairman.

Mr. HASTINGS. Thank you very much.

Ms. Brown-Waite.

Ms. BROWN-WAITE. Thank you for being here, Ms. Keegan.

I was attending a budget meeting and that is why I wasn't here to ask the questions and perhaps come up with some of the answers that Mr. Spratt was seeking.

I am an educator. I teach college and I have so many students in college who are so incredibly behind on writing and critical thinking skills that it is pathetic. I have never believed that poverty was a reason for children not to learn. That is why initially I was very excited about the No Child Left Behind Act.

I recently picked up a newspaper on a Sunday, February 8 and it says, "Quality of No Child Left Behind programs in question." Let me just read a couple of things. "At a tae kwan do center in Morris County, eight children were bussed from Patterson. They practice martial arts, make pudding and play a game of telephone whisper down the line. Taxpayers are funding all of this. There is an untrained college student being paid \$25 a hour. The Tae Kwan Do center gets \$1,500 per Saturday session it runs. There is another program there that the instructor, a Karen Helmster, abandoned her tutoring plans. She said she substituted "more of an enrichment program exposing children to new topics to broaden their general knowledge." Her lesson plan is based on teaching about the human body and the senses. Did the children come in knowing their body systems? No, she said. That is how we are going to judge the success of this program."

Mr. Spratt, I think we have found where the problem is and it is that many States have approved programs that really do not im-

prove reading or writing skills of students. How do we correct things like this? I think the taxpayers do want to have adequate funding for No Child Left Behind but if we are wasting funding on programs like this that States approve, no wonder there is concern out there.

Ms. KEEGAN. If that is what is going on, if that is correctly depicted in the paper, then clearly that is nobody's intention and I don't believe had anything to do with what No Child Left Behind was intended to do. However, one of the pieces of No Child Left Behind does add supplemental services. I have been in organizations that have done phenomenal work in calling families to let them know, your child is eligible for free tutoring, calling those families when a child doesn't show up for their reading and math instruction in the afternoon, the huge phone banks of people working every afternoon to track down these kids and make sure they are in their afterschool program and their scores are going through the roof. That is why I believe you got behind No Child Left Behind and funded things like supplemental services and other things and when money goes into programs like that, not only does it hurt the kids because I dare say they don't probably need whatever is going on there, it hurts the credibility of kids who are not in that program that are in programs where they are receiving fabulous instruction in reading and mathematics.

Ms. BROWN-WAITE. I couldn't agree with you more but how do we address this issue so that the funding really goes for education? I don't think No Child Left Behind means let us study your behind and other parts of your body.

Ms. KEEGAN. That is difficult to answer. I am quite sure that is not what it meant. I believe that the requirements for data and for information about the success of programs that you put in the law are ultimately going to call out that kind of thing and it won't be able to exist.

Ms. BROWN-WAITE. Just one more response. Time obviously is of the essence when the child is there, so weeding out these kinds of programs are no other than wasting money and are not educational. It has to be done. This article happens to concentrate on New Jersey. I am not picking on New Jersey, I am originally a neighbor from New York, but if this is going on, then shame on us for letting it. That is the point I was trying to make.

I would be happy to give a copy to the committee staff if they want it.

Mr. HASTINGS. Without objection, that will be made a part of the record.

[The article referred to follow:]

ARTICLE SUBMITTED FOR THE RECORD BY MS. BROWN-WAITE

QUALITY OF NO-CHILD-LEFT-BEHIND PROGRAMS IN QUESTION,

By Maia Davis, The [Bergen County, N.J.] Record, Sunday February 8, 2004

FEDERAL TAX DOLLARS PAYING FOR TUTORS

HACKENSACK, N.J.—Five Passaic grade-school children stay after classes for special tutoring, but their instructor, a college sophomore, has not been trained as a teacher or a tutor. Busy helping three of the children with their math homework, he mostly ignores two others. At a tae kwon do center in Morris County, eight chil-

dren who have been bused from Paterson, practice martial arts, make instant pudding and play a game of telephone, whispering a word down the line. This, too, is deemed tutoring. And in a third program, in Paterson, children in need of tutoring at one school are mixed in with others engaged in routine after-class activities.

They get help with homework but little individualized academic guidance. Taxpayers are funding all of this. The untrained college student is being paid \$25 an hour. The tae kwon do center gets \$1,550 per Saturday session it runs. The after-school program, which runs 7 months, takes in \$1,164 a child.

HELP FOR STRUGGLING SCHOOLS

Because of the No Child Left Behind Act, thousands of schools across the country with sagging test scores are being forced to offer tutors. Hundreds of businesses are rushing to fill the need, from established, well-regarded firms to newcomers without track records. Because the law discourages states from weeding out unknown candidates, early evidence indicates Federal tax dollars are being thrown at dubious enterprises.

Under No Child Left Behind, schools that underperform three consecutive years must use Federal funds to pay for private tutors. The tutoring is intended to provide individual or small-group instruction in math and literacy. Poor schools were first to land on the "in need of improvement" lists, based on test scores. But the law extends to all schools, and in coming years, publicly funded tutors are certain to turn up in New Jersey's suburban, middle-class schools as well.

This year, warnings of subpar performance went out to hundreds of suburban schools, including traditionally high-ranked schools. Tutoring will be offered to low-income, academically struggling students at any school that receives Federal poverty funding, as most schools do. The intention is to give needy children the same opportunities enjoyed by wealthier classmates whose parents can afford private tutoring.

OVERWHELMING CHOICES

But with so many schools certain to need tutors, the market is wide open. And the law, rather than regulating the field to create a small pool of proven, qualified tutoring businesses, encourages states to set standards that embrace a variety of private, nonprofit and faith-based providers. In addition, the law gives parents the right to choose their children's tutors, in much the same way that wealthier families can shop around. And it discourages teachers and principals from advising parents which programs they think are best.

Christine Krenicki, an administrator in Passaic schools, said this is a bad idea. If local school officials could limit the number of programs offered to parents, she said, they could better monitor results. "There are too many choices for parents," she said. The law's tutoring requirement "was almost doomed to failure."

"This is supposed to give parents some sovereignty," countered Thomas Corwin, an associate deputy undersecretary for education in Washington. "These are parents who have kids enrolled in schools that haven't been making adequate progress. You don't just leave it to the district to make the decisions."

"The parent is in the driver's seat," said Suzanne Ochse, who oversees federal poverty programs for the New Jersey Department of Education. With districts barred from steering parents toward specific tutors, parents have little to go on other than the list of approved programs seeking to serve their schools and, maybe, word of mouth.

In Passaic, for example, where 700 children are eligible for tutoring, parents received a list of 33 vendors. Programs Fall Short One of them is Aspira New Jersey, a nonprofit social services agency that runs leadership development programs for Hispanic students and is venturing into tutoring.

Most of Aspira's tutors are certified teachers trying to earn extra money, said Tiffany Gonzalez, an Aspira administrator. But at least one escaped basic

scrutiny: Anthony Lora, the college student tutoring the children in Passaic's Schools, is only now in his second year of college and so lacks the minimal state qualification.

Gonzalez said the agency coordinator who hired Lora "didn't even realize he was a college student." But at least Lora shows up. He replaced an Aspira tutor who was frequently absent, Gonzalez said. Larry Chenault, owner of the tae kwon do academy, gained state approval for his tutoring program, Learner's Academy for Children, after promising it would teach arithmetic and language skills to struggling students.

But when he learned how much he would be paid per student for the Paterson group, he calculated the \$9,300 would cover only 6 weeks of instruction—even

though other programs in Paterson and Passaic that receive the same per-student fee run from 10 weeks to an entire academic year.

Realizing 6 weeks would not allow meaningful academic instruction—especially considering the children's age span, from kindergarten to seventh grade—Karen Helmstetter abandoned her tutoring plans. She said she substituted “more of an enrichment program,” exposing children to new topics to broaden their general knowledge.

Her lesson plan is based on teaching about the human body and the senses. “Did the children come in knowing about their body systems? No,” she said. “That’s how we’re going to judge the success of the program.”

Helmstetter said she sprinkles lessons in math and reading into the activities. Ruben Estrella boasts that he’s learning division. Another newcomer to the Federal tutoring initiative is the Boys & Girls Club of Paterson. The club has long operated after-school programs that keep youngsters occupied as late as 8 p.m., a boon for working parents. It has 44 children enrolled in a 7-month tutoring program. About two dozen are bused to the club’s center, where they are tutored through educational computer games supervised by a certified teacher. They also get homework assistance and time to play in the club’s gym and game room.

The remaining 20 students are spread among three public schools where the club runs regular after-school programs. All three offer homework help and recreation, and two of them provide the same computer-based instruction given at the center. But the third offers little tutoring.

CHILDREN LEFT BEHIND

That’s at School 27, where the three students enrolled in the tutoring program typically sit among dozens of classmates doing homework at long tables. They are not regularly separated from the other students for individualized instruction, and they are not supervised by a certified teacher.

“I’m not happy with it,” said Peter Thornton, executive director of the club. “We’re going to fix it. We do a very good job at other places.”

Thornton said the Boys & Girls Club’s after-school program serves 700 Paterson children daily and has a proven record of raising students’ grades. When the opportunity arose to offer formal tutoring through No Child Left Behind, he said, it made sense to expand.

How Thornton’s club improves instruction, whether groups such as Aspira properly train tutors or start-ups such as Chenault’s Learner’s Academy pass muster, and how the 100-odd other tutoring programs fare in coming years are matters for state oversight.

“The ultimate goal is student achievement,” said Ochse, of the state Department of Education. “We’re just going to do what we can to make it work.”

Mr. HASTINGS. Mr. Baird.

Mr. BAIRD. I thank the Chairman.

If I could call up a slide that Mr. Wicker showed earlier, I would appreciate it, the one that showed the change in reading scores with the change in Federal expenditures. I have talked with my good friend, Mr. Wicker, for whom I have great respect, but this particular slide I have to say I think is one of the most specious slides I have seen in a town that I have come to believe is known for specious slides.

The reason is multiple but you have taken a developmental factor which is reading scores and admittedly, I couldn’t agree more that just throwing money at a problem is not the metric we should measure our success by but if you plotted any other developmental measure, you would see its developmental curve fairly flat because no matter how much money we spend on a program, we are not going to make our kids taller, there are some limits to how fast they can run and there will be some limits to how well they can read.

Yet, as our population increases and as inflation takes effect, you will see Federal spending inexorably increase. So that graph, if we spend \$1 trillion, is going to stay somewhat flat. I have to say it troubles me when our topic is education that we are not using crit-

ical thinking skills and when our own Secretary of Education did not challenge the validity of the concepts presented in that graph, it is really troubling to me.

Let me ask a separate question having gotten that off my chest. The question has to do with vocational education. I wonder if Ms. Keegan might offer us her insights into the importance of vocational education and if she is familiar? My understanding is the Association for Career and Technical Education and others have pointed out that in spite of the President's rhetoric about jobs and in spite of the fact we have lost three million jobs under his watch, that we are actually proposing to eliminate or certainly significantly cut back one of the more important vocational education programs in the Perkins Program. I wonder if our expert would be interested in discussing that?

Ms. KEEGAN. The issue for students who will go directly into work from high school has to be that they have the skills they need to go into those jobs. The studies that have been done that have tried to link what students need to go directly into work if they are not going to have the ability to go on to post secondary instruction indicates they need a higher percentage of mathematics, they must have Algebra II, pre-Trigonometry, they must have mathematics to a more significant degree in order to make a livable wage than students who are going to be able to do some more studying and unfortunately be able to remediate what they didn't learn in high school.

I believe that the more compelling truth for kids who are in a position to go straight to work from high school is that they must have the foundational skills available to them. I happen to also be a huge supporter of vocational education and think those things can support and in fact strengthen the mathematics study but I do think oftentimes they were used in substitute and rather than the core curriculum and simply can't afford that or those children can't afford that anymore.

Mr. BAIRD. So you see merit in cutting Perkins funding?

Ms. KEEGAN. I see huge merit in making sure that all students have sufficient preparation in everything they will need to get a job, including mathematics, good writing skills, and so forth.

Mr. BAIRD. Let me ask a different question. Maybe I misunderstand but as I look at the assessment of yearly progress, we assess our schools and we look at certain cells and say our kids in that cell are failing or that cell itself is failing to meet standards. If even one cell is failing, then the entire school can be classified a failing cell and then parents can take their kids out of that school and move them to another location if it is available.

Let me propose an alternative. Suppose my child is in a special education program and my child is not reaching the level of reading desired by all kids in his or her age range, if they are in a failing cell then I would be able to take my child and move them to another school which has demonstrated success in that cell but the kids who are not in that cell cannot leave necessarily to another school because their cells may be doing just fine. Is there a problem with that logic? Frankly I haven't seen the charter schools and the voucher schools clamoring for special needs and multilingual kids.

Ms. KEEGAN. The charter schools and any of the public voucher programs are required to take any kids who come. The issue you have suggested that perhaps only kids who are in a particular group of kids that are failing would be able to go to another school to me is a little bit tortured. The information is simply given to parents that the school is not making adequate progress, in fact has not done so for 3 years and you have a choice to go to another school.

Mr. BAIRD. We are giving the parents a false impression. For all I know, my kid is in the calc class and is exceeding national standards but the parents are being told your school is failing. For those kids it may be succeeding greatly. Why not give more precise information and only allow the flexibility in the areas that are specified as not meeting standards?

Ms. KEEGAN. You do have precise information, particularly if it is your child. You would know that your child was in calculus and making an "A" and doing fantastic. I think you would be happy with the school and wouldn't be prone to leave. I would give more information and more choices and it probably would work out fine.

Mr. BAIRD. Would you suggest the people in those failing cells could only be able to transfer to schools or programs where they have demonstrated success and efficacy in meeting standards in those same cells?

Ms. KEEGAN. So far as parents moving their kids into another school that is deemed to be failing, I find it difficult to believe they would do that but no, I wouldn't support simply saying you can only move into a cell where your child was failing. The designation is not sort of a sign to children. You would basically be blaming the lack of progress on a particular group of kids. You would have to call them out and say only these kids caused you to stay behind. I think that would not be a good way to handle that.

Mr. BAIRD. I spent 23 years doing clinical psychology, I hold a doctorate in that and worked with some very, very severely disabled kids. To be perfectly honest, there are some kids who are just not going to meet standards. Does that mean the entire school is failing because those kids haven't met those standards and therefore, we should open the doors to that school and grade everybody as having failed because a subset of kids through unfortunate natural circumstances can't meet the standards?

Ms. KEEGAN. No, I don't believe that and I don't believe that is what the adequate yearly progress provisions do. They say that a State gets to say what their standards are and what the performance standards will be, kids are tested according to the testing provisions for particular groups of kids. If a child is diagnosed with a significant disability, they are tested according to that disability, as you know, so they would be tested within their own capabilities, if you will. I don't believe that is what is happening. I think that is a false portrayal. I do think as we move forward we will get better at gauging gain scores which I think ultimately are the best way to judge the quality of teaching, how far did you take a student, where did you start and where did you end up and we are getting better at that. It is impossible to do that in the absence of data every year for every child and until we have had that for a few years, I don't think we will be very good at it.

Mr. HASTINGS. Mr. Wicker wanted to have followup.

Mr. WICKER. Thank you, Mr. Chairman.

I certainly have a great deal of respect for Mr. Baird and when I hear that he is a clinical psychologist, that respect increases. I am a lawyer by training and they teach you not to ask a question that you don't know the answer to but I am going to do that. I am going to ask that chart No. 6 be put back up there. Ms. Keegan, you come to us with a good deal of educational expertise and you represent a group that has a good deal of expertise in this area.

My question is going to be do you think this is a specious chart or not? We don't have programs intended to make our students taller or run faster but we do expect that our funding in elementary and secondary education improve reading scores and math scores. So I think those are different things to look at. It just seems to me that if what Mr. Baird says is entirely correct, then we ought to quit trying to spend money to improve math and reading scores because there is just no hope in doing much to improve them.

I will give you an opportunity to comment on this chart. It compares increased spending on the Elementary and Secondary Education Act funding which I think we can agree is substantial to a rather flat line in terms of improvement in reading scores and I wonder if you could comment on the chart. Do we need to take that down as a specious chart? And comment also on the question I asked earlier of the Secretary concerning the vast amounts of increased expenditure as compared to a lack of increase in achievement on the scores?

Ms. KEEGAN. I don't consider that specious at all. I don't believe that reading ability is as natural a growth pattern as getting tall. Unfortunately, reading takes an explicit instruction. Reading requires that somebody sit down with you and show you how to do it. You don't naturally learn to read like you naturally learn to talk. Unfortunately there is some confusion about that out there.

That line means we have not managed to improve the level of reading for the kids in the country over that number of years in spite of a great deal of additional funding. I would suggest that funding was not properly applied to reading instruction or you would have seen that line go up. The point is you have to pay for something that matters. What would have mattered to those kids would have been a teacher expert in reading instruction.

Mr. WICKER. Can we put up chart No. 5 just to give you the opportunity to see what has happened with regard to math scores. They had some moderate improvement early on, about a decade ago, but sort of flatlined also in light of a huge amount of increased spending.

Ms. KEEGAN. Mr. Chairman, Congressman Wicker, that is right. You can see that it goes up and when you pull it out into individual, all of the 50 States, for example, you will see a bit more of an angle in those States where you are beginning to get a little bit of a difference or you have had a difference. Fortunately, some of those numbers are beginning to move and there will never be—at least I have never seen it—there is not a direct line correlation between increased funding and increased achievement. Those numbers just seem not to track each other at all, at least in the environment where there is a minimum amount of money.

What happens on a chart like this is that line, the fact it is showing flat, is actually very demonstrative of all 50 States and the fact that we can't see statistically significant improvement even in an environment where increasing investments are being made. What it says to me as an educator is that the money is not being applied to the right areas.

Mr. WICKER. Are there places, are there school districts where that achievement line has gone up?

Ms. KEEGAN. Oh, of course, fabulous. If I didn't see that in places where it was highly unlikely because the kids are all poor and you are getting outstanding increases in achievement and lines that go right off the page, I would just give up. I would say, this must be naturally that is the way the kids are. It is not the kids.

Mr. WICKER. Thank you.

Mr. BAIRD. Mr. Chairman, if I may follow up?

Mr. HASTINGS. Yes, go ahead.

Mr. BAIRD. Ms. Keegan, would you believe that it is appropriate if we are really looking at the dollar to not adjust that chart as per capita spending versus raw dollars? Let me ask it this way. If the population of our country increases, would you expect a commensurate increase in reading performance merely because we have more people?

Ms. KEEGAN. Mr. Chairman, Mr. Baird, no, not necessarily, not under the same circumstances.

Mr. BAIRD. I wouldn't think so. Then is it not at least minimally appropriate to adjust this chart in terms of per capita expenditure rather than raw dollar expenditures?

Ms. KEEGAN. Not necessarily. You are just looking at a score on how the kid did, whether there was a difference.

Mr. BAIRD. I think you are making the point that we spent more money. I think we have a real problem in education. I think we have a severe problem. I think it is evidenced by the use of this chart. As a very minimum, the metric should be how much we are spending per student. I would agree that we could spend a lot more per student and not necessarily see that line go up but I think it is a raw minimum and in intellectual integrity you have to say let us adjust that thing for per capita expenditure.

The second question I would ask is do you happen to have off the top of your head the mean and standard deviation for the NAEP scores?

Ms. KEEGAN. You would be shocked to know I don't have that number in my head.

Mr. BAIRD. Do you think as a statistician there would be some merit in understanding what the potential magnitude of the gains are on the instrument itself? In other words, what is a reasonable increase? You spoke of large increases that have been seen. I would kind of like to know what the mean and the standard deviation are so that I know what opportunity there is for that red line to increase given the metric of the instrument we are using here?

Ms. KEEGAN. It might help you understand the chart a bit better. The reason you don't need a per pupil expenditure dollar there is it is just shown in constant dollars all the way across, there never was a point at which it was per pupil. If it was per pupil at one

point and they switched it, that would be specious but just constant.

Mr. BAIRD. No, it is probably reversed, Ms. Keegan. It is quite the reverse. The average expenditure per pupil would be a factor of the total spending divided by the number of pupils. So you would expect and increase as our population increases in the blue graph. You would expect that. That has to happen, but we haven't adjusted that blue graph in terms of per capita expenditure and that is the metric in terms of how much support is getting to kids. Secondly, there are limits. You are absolutely correct, we don't necessarily have programs to make kids grow taller and we need better reading programs. Nobody disputes it but would you dispute as an educational expert that there are some finite parameters within which we can expect kids to improve their reading or math scores as a function of the development levels?

Ms. KEEGAN. I think that those limits are so irrelevant right now as to not even be worth talking about because we are so far below them.

Mr. BAIRD. What on this NAEP would you consider as valid and probable, reasonably probable, assuming the best optimal expenditure of funds, what kind of level would we expect to see in the NAEP scores? I recognize, Ms. Keegan, you didn't present this graph, so I am being a little unfair to you but I worry when in a discussion of educational standards, we don't use our best intellectual analysis of the data because I think it is somewhat inconsistent. I don't expect you to have off the top of your head, nor do I, frankly, the NAEP scores but I would say that this chart to be meaningfully interpreted, you need to know some sense, we all need to know, what a reasonable standard is and what kind of fluctuation we would expect to get. In other words, what percentage of the kids already, the very top kids, how high can they get on this test? Let us suppose you have the very best kid, the best genetics, the brightest school and the best teaching, how high can they go and where could that graph go if we got all our kids there?

Ms. KEEGAN. That is right, you can make a much richer graph there but the fact of the matter is that red line is a statistical creation of kids. No one student takes all of the math questions at grade nine, it is a compilation. So there would be no reason for you to want to do that. The score line doesn't relate to individual students and therefore, I don't think the expenditure actually would reasonably relate to individual students. They are not necessarily the same thing. You can change the line. I think the point it makes is that there have been huge increases in funding, relatively flat scores, and you could improve that by putting an upper line at the point at which you would be meeting even basic standards. That would be helpful but it wouldn't lower it.

Mr. BAIRD. I appreciate the opportunity to raise this issue. I appreciate Mr. Wicker's efforts.

Mr. HASTINGS. Thank you very much.

I don't want to put motivations behind what people are asking but clearly the tone of this budget hearing, which is focusing on trying to build a blueprint for education spending, was focused on dollars. Secretary Paige I thought very clearly said that is not the only way you measure education. Thus we have charts on both

sides. Maybe this discussion would help us not have some of those charts that are clearly here for maybe reasons beyond what we feel ought to be doing as policymakers but being a realist, I doubt that will happen.

With that, Ms. Keegan, I want to thank you very, very much for your testimony. I appreciate the give and take here. That was educational. No pun intended.

Thank you very much and the committee stands adjourned.

[Whereupon, at 1:40 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

